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INSIDE

Blenheim ahead despite downturn

The sharp downturn in the UK advertising industry failed to put the brakes on Blenheim, the UK group which is the world's leading organiser of exhibitions. It posted a 33 per cent rise in annual profits supported by a strong performance in the US. In the year to the end of August, Blenheim increased pre-tax profits to £28.3m ($48.67m) on turnover up by 38 per cent to £122.2m. Page 29

UK builder beats forecasts

Bellway, the Tyneside-based housebuilder, beat profits forecasts with a 16 per cent decline to £9.3m ($15m) after exceptionals, for the year to July 31. However, stripping out last year's exceptional charges of £7.1m against the group's land bank in the south of England, pre-tax profits plunged by 49 per cent. Page 30

Waking up to derivatives

UK investment managers have been slow to make use of derivative products like futures and options, which they have often viewed as too risky. But fund managers are waking up to the applications of derivatives, particularly in areas such as individual stock selection or asset allocation. Page 27

Estonian balancing act

Mr Riho Sild, Estonian deputy energy minister, has a delicate balancing act to perform this winter. As minister with special responsibility for oil supplies to this tiny, newly independent state, he must persuade an increasingly reluctant Russia to maintain its oil supplies to Estonia, while managing Estonia's indigenous energy supply, namely oil shale. Page 36

Hard times for Irish bulls

This autumn is not a good time for bulls in Ireland. For the four-legged kind, slaughterhouses are working at full capacity as the grazing season comes to an end. Stock market counterparts who have stuck their necks out too far have had a bad time, too. Page 45

Samsung looks to its core

Samsung Group, South Korea's largest conglomerate, said it is to cut ties with two companies as part of a strategy to concentrate on its core activities. It will end equity, loan and management links with Chonju Paper, Korea's largest manufacturer of paper products, and Shinsegae Department Store, one of the country's largest retailers. Both companies are listed on the Korean Stock Exchange. Page 24

Unilever sells packaging arm

Unilever, the Anglo-Dutch consumer products combine, yesterday announced the sale of 4P Group, its German and French packaging arm, to Royal Packaging Industries Van Leer of Holland, the international packaging group, in a deal worth £268m. Page 30

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Deckel (Fr)	134	+	7.8	Industrielle	6810	+	190
Lanmeyer	875	+	22	Printemps	874	+	49
Falls				Redoute	5170	+	210
Colonia Knzn	955	−	17	**Falls**			
Leifheit	595	−	10	Aux'l Entrepr	1040	−	25
Linotype-Hell	350.3	−	9.7	Poliet	401.5	−	18.6
Metallgesellsch	391	−	10	SILIC	602	−	17

NEW YORK ($)				TOKYO (Yen)			
Rises				**Rises**			
Chrysler	12⅝	+	⅛	Nippon Carbon	2300	+	280
Citicorp	11⅜	+	⅜	Toyo Ink Mfg	678	+	49
Ford	26½	+	¼	**Falls**			
General Motors	34¼	+	½	Chiyoda Shigyo	550	−	50
Rockwell	26½	+	¼	Kawasumi Lab	1170	−	100
Falls				Mitsui Trust	1470	−	110
Woolworth	26⅝	−	1⅜	Pasco	983	−	77

New York prices at 12.30pm.

LONDON (Pence)							
Rises				AGT	415	−	15
ASDA	46	+	2½	Caspen Oil	9½	−	2
Bibby (J)	181	+	11	Cookson	113	−	9
Blenheim	445	+	17	Midland & Scot	61	−	4
Crest Nichol	41	+	5	Midland Bank	221	−	7
Kleen-E-Ze	53	+	8	Nat Home Loans	5	−	1½
Ocean Wilsons	45	+	9	Plaxton	51	−	6
Rothmans B	1155	+	22	Reuters	933	−	25
Smkline Bch A	819	+	19	Sears	98	−	3
Wellcome	772	+	15	Union Square	8	−	2
Worthington	48	+	6				
Falls							

International groups poised to tackle troubled earthmoving equipment industry

Fiat, Hitachi and Deere in venture

By **Haig Simonian** in Turin and **Andrew Baxter** in London

FIAT, Italy's biggest private-sector company, is in advanced negotiations with Hitachi of Japan and Deere of the US to create a joint venture in the troubled earthmoving equipment industry.

The three companies said yesterday they had signed a memorandum of understanding, which Fiat hopes will become a contract by early 1992.

The deal builds on existing technological and product links between the three companies, and analysts believe it may pave the way for an eventual merger of the three company's European construction equipment interests.

Mr Riccardo Ruggeri, head of Fiat's agricultural and earth-moving equipment activities, said major aspects such as financial details, the range of products covered by the new joint venture and likely output levels remained to be settled.

In essence, Fiat will contribute its earth-moving equipment businesses, partly covered by its existing excavator joint venture with Hitachi, into the new venture. Hitachi and Deere will add product and manufacturing knowledge.

The company, yet to be named, will be majority-owned by Fiat, with Hitachi and Deere probably dividing the remainder. It will use Fiat's existing sales network to market products in Europe, the Middle East and Africa, and will not affect either Deere's existing US activities nor those of Hitachi in Japan.

Hitachi's small Dutch plant manufacturing mini-excavators will also be excluded.

Over the past decade co-operation between the big construction equipment groups have accelerated rapidly as companies have sought to establish an adequate presence in the three key markets of Europe, North America and Japan.

But the recession has exacerbated long-standing problems of overcapacity in mature western markets. Fiat said the world market, excluding Japan, for six of the main types of earthmoving equipment fell 20 per cent in the year to August.

The deal comes just six months after Fiat and Ford Motor of the US completed the worldwide merger of their agricultural and construction equipment businesses into a new company, NH Geotech, in which Ford retains a 20 per cent stake.

All NH Geotech's construction equipment businesses will be hived off into the new venture, although the Ford New Holland range will remain a separate segment. Fiat said NH Geotech would be compensated for the loss of 35 per cent of its turnover.

Mr Ruggeri stressed the Fiat-Hitachi-Deere deal would be of limited geographic scope.

However, he did not exclude the possibility of closer links between the three companies in the future. "If you ask me in 10 years' time. ..it could be that we could be talking about other developments," he said.

Hugo Dixon and **Roland Rudd** report on tensions over the rules of the offering

Crossed line for the £5bn BT share sale

Mr Francis Maude: keeping institutions on their toes

So confident was the UK government earlier this year that it had mastered the art of privatisation that it planned a range of pioneering devices for its £5bn ($8.6bn) sale of shares in British Telecommunications.

The aim was to widen share-ownership and at the same time squeeze a better deal for the taxpayer. Mr Francis Maude, the Treasury's financial secretary, was convinced that he and his team of City advisers had come up with a structure that would keep institutional investors on their toes.

Underwriting, which in previous issues provided them juicy fees, was abolished; UK institutions would not be guaranteed stock but instead would have to compete with big investors from the rest of the world; and money managers would be warned that if they "dumped" their existing BT shares before the offer they would get fewer shares than they wanted in the sale.

But over the past week the share sale has run into problems. Institutions have rebelled against what they see as an attempt to dragoon them into paying maximum prices, and have voiced displeasure at the regulatory uncertainties that surround BT. These, together with lacklustre earnings announced last week by Mr Iain Vallance, BT's chairman, have pushed its share price down from a high of 423p a month ago to 360p yesterday, wiping £4bn off BT's value. The easy confidence of the government's financial advisers has vanished.

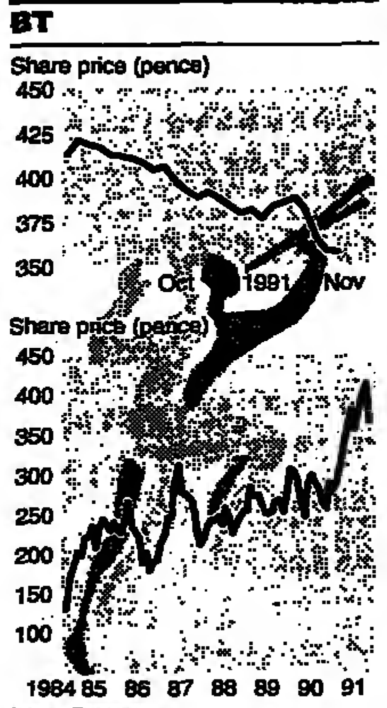
S.G. Warburg, the government's lead financial adviser, yesterday sought to play down the threat of penalising institutions which sold shares. At the weekend, the government had indicated that "sophisticated market monitoring mechanisms" had been put in place to spot "abnormal" trading in BT shares and options on world stock exchanges. It was concerned that institutions might "dump" shares ahead of the sale, with the intention of buying back stock on the cheap in the public offering.

Yesterday, however, Warburg said it was not concerned how many shares the institutions sold, only the way in which they were sold. It would only penalise deliberate attempts to drive the price down, for example through selling parcels of shares through many different market makers or trading large numbers of options.

The merchant bank also said it had no special mechanism to monitor trading apart from what its own market makers picked up in the market.

Tensions between the institutions and the government had come to a head last week. The institutions were already irritated by the loss of £40m in sub-underwriting fees. But what really angered them was that they felt their arms were being twisted not to sell their current BT shares – at a time when the price was slipping.

BT



Source: Datastream

They saw the government's threat as a means of artificially boosting the share price. A letter in yesterday's Financial Times from Mr Anthony Raikes, an investment banker, even accused the government of creating a "false market".

Views differ on what the government is trying to do. The government feels it has a duty to protect taxpayers' interests by guarding against the share price being driven artificially low. The Office of Fair Trading is understood to see no reason for it to interfere. A member of the Stock Exchange board said the government's tactics did not go against "the grain of the listing" of BT's shares.

But the compliance office of a leading merchant bank said: "If people feel they have an opportunity to buy shares cheaper later on, there is nothing illegitimate in selling shares now."

A second cause of concern among investors is that the regulatory goal posts might move after the sale. Oftel, the industry regulator, said this week that it would publish a consultative document on BT's prices in January, two months after the sale.

Investors are worried that BT's new pricing regime, due to come in to effect in July 1993, will be tougher than the present. Will Sir Bryan Carsberg, Oftel's director general, retain the post when his term comes to an end next June?

Are threats he made this summer – to break BT into separate subsidiaries, tighten its price cap, ask the Monopolies and Merger Commission to probe its efficiency and require the company to hand back to customers a proportion of "excess profits" – still on the agenda? Oftel indicated this week that the threats were not on the "front burner" but that they could not be ruled out.

Several institutions want the offer to be postponed until after January's document. Warburg, while dismissing talk of postponing the issue, has some sympathy with institutions' desire for more regulatory clarity. But it argues that BT shares will always be affected by regulation. The government believes investors have to live with that uncertainly: "This is a risk and return game," said one official.

Mr Iain Vallance: faces lacklustre earnings

A further concern is that the government's team of stockbrokers have withdrawn their profits forecasts for BT following last week's lower than expected earnings. They will not legally be allowed to issue new ones.

Leading independent brokers, however, have slashed their pre-tax profit forecasts. Robert Fleming Securities cut its current year estimate by nine per cent to £3.14bn, while James Capel and County NatWest have reduced theirs to £3.2bn. For next year, Flemings sees £3.25bn (down from £3.68bn), Capel is looking for £3.3bn and County NatWest is going for £3.48bn.

Some big institutions are murmuring threats not to take part in the issue. These seem idle, however. The mechanism the government chose – a tender, with the price set right at the end of the process – means it should be able to drag reluctant investors into the sale.

But at what price? If the institutions bid low, as some are now mutinously suggesting, the government's game plan of squeezing maximum value for the taxpayer will have come to naught.

US Philips in surprise move on patents

By **Louise Kehoe** in San Francisco and **Ronald van de Krol** in Amsterdam

NORTH AMERICAN Philips, the US subsidiary of Philips of the Netherlands, has surprised the computer industry by agreeing to license US semiconductor and electronic display patents from Mr Gilbert Hyatt, an independent US researcher who claims to have invented the microcomputer chip.

The agreement between Philips and Mr Hyatt could have serious repercussions throughout the world electronics industry, because Mr Hyatt's patents cover basic technologies relating to microprocessor chips and the liquid crystal displays used in a myriad of computer and consumer electronics patents.

Mr Hyatt stunned the world semiconductor industry last year when he was granted a microchip patent and claimed to be the inventor of the microcomputer. He has since been seeking patent royalties.

So far, all other semiconductor manufacturers have refused to recognise Mr Hyatt's patents and rejected his efforts to persuade them to pay licence fees. Texas Instruments, which also claims to have invented the microchip, is contesting Mr Hyatt's patents.

Philips, however, is to help Mr Hyatt in licensing the patents worldwide to companies manufacturing or selling products in the US which utilise the patented technologies, the company said.

A Philips spokesman said these agreements were potentially worth more than $100m over the remaining 17 years of the patent's life. Philips will take a percentage of licence fees obtained from other companies for the Hyatt patents.

The agreement is important for Philips because Mr Hyatt's technologies are directly relevant to many of its main businesses, particularly consumer electronics, which accounts for nearly half of the Dutch company's annual turnover. Philips is also pursuing licensing agreements on its own broad portfolio of patents.

Philips said, however, that the patent agreement with Mr Hyatt did not signal a change of strategy in how it viewed the management and exploitation of intellectual property.

Separately, confirmed it was in talks with Siemens of Germany and Thomson of setting up a joint foundry for silicon wafers. Each company would then use the wafers to produce their own microchips, a spokesman said.

J Sainsbury beats recession with 20% climb in profits

By **John Thornhill** in London

J. SAINSBURY, the supermarket chain, lifted interim pre-tax profits 20 per cent to £337.5m ($579m) as it continued to demonstrate its resilience to recession. The profits increase was attributed to "robust" sales, improved price competitiveness and firm cost control.

However, Lord Sainsbury, the chairman, said evidence had grown since mid-July that food sales had been hit by recession in the south of the country. The number of customer transactions increased during the period but the size of the average spend fell in real terms.

In the 28 weeks to September 28, group sales rose 12 per cent to £4.8bn. Sainsbury's claimed it had increased its share of the UK grocery market by 0.4 percentage points to 10.2 per cent.

However, the results were boosted by a £9.5m saving in interest payable as a result of the company's £489m rights issue earlier this year. Stripped of this contribution, pre-tax profits grew 16 per cent.

Sales in the UK rose 12.9 per cent to £4.22bn. New stores contributed 7.7 per cent to the sales increase implying a marginal decline in volume sales from Sainsbury's comparable space once food price inflation of 5.5 per cent was stripped out.

During the half year, 11 superstores were opened bringing the total to 307 superstores and 9 Savacentre hypermarkets. Another 10 stores will open in the scond half producing a net increase in selling space of 10 per cent for the year.

Shaw's, the US supermarket chain owned by Sainsbury's, was hit by the severe recession in New England and operating profits fell 11 per cent to $25.6m on sales ahead 5 per cent at $991m.

Group capital expenditure was £454m in the first half and Sainsbury's will spend a further £430m during the rest of the year.

Lord Sainsbury said the company would continue to increase its sales area by an average of 8 per cent a year and that there were still opportunities for growth.

Sainsbury's capitalised interest of £33.4m (£27.1m). The inflow of cash from the rights issue and its sale-and-leaseback programme helped reduce the interest bill from £17.9m to £700,000.

The interim dividend was lifted 16 per cent to 2.4p (2.076p). Fully diluted earnings per share rose by a similar rate from 11.7p to 13.53p.

Lex, Page 32

Polly Peck accountant charged

By **David Barchard** in London

MR JOHN TURNER, the former group chief accountant of Polly Peck International, the collapsed fruit and electronics group, was charged in London yesterday with 10 counts of false accounting.

He was released on police bail and is due to appear in court today. Earlier yesterday Mr Turner was interviewed by police officers attached to the Serious Fraud Office.

Mr Turner, who had been with Polly Peck since the early 1980s, was one of two employees from the company to be briefly detained for questioning by police in December 1990, immediately after the arrest of Mr Asil Nadir, the company's chairman and chief executive.

The other man questioned in December was Mr Ersin Tatar, deputy head of Peck's treasury operations. He is believed to have since left the UK for a job in Turkey.

Mr Nadir, the only other person to have been charged in the Polly Peck affair, is due to appear in court tomorrow to face 72 charges of theft and four of false accounting, involving £155m ($276m) of company funds.

In a separate development, the Industrial Bank of Cyprus, which is almost entirely owned by Mr Nadir, failed in a bid to persuade the High Court to lift a worldwide asset freeze imposed two weeks ago.

The bank is one of seven defendants in an action launched last month by Polly Peck's administrators aimed at recovering between £400m and £500m allegedly transferred improperly from Polly Peck.

Mr Justice Millett said that on the evidence they had filed, the administrators appeared to have a strongly arguable case for restitution.

There was a substantial risk the assets frozen by the injunction would be dissipated if the order was lifted. IBC has six branches and a head office in northern Cyprus with some 14,400 accounts.

A petition against the freezing order by another defendant, the central bank of the internationally-unrecognised Turkish Cypriot republic, is also due to be heard this week.

The Cyprus High Commission in London confirmed yesterday it had applied to become a party to the action on the grounds that the Turkish Cypriot bank is operating illegally on territory claimed by the Republic of Cyprus.

INTERNATIONAL COMPANIES AND FINANCE

Molson income slips, but sales rise after acquisition

By Bernard Simon in Toronto

MOLSON, the Canadian brewing and cleaning services group, suffered a small decline in its second-quarter earnings despite a 13 per cent rise in revenues.

Molson Breweries, a joint venture with Foster's Brewing of Australia, has 52 per cent of the Canadian beer market and is a large US beer importer.

Molson said yesterday that the North American venture was likely to be affected by Mr John Elliott's recent efforts to return to a more active role at Foster's and by speculation of a break-up in the Australian group's interests.

Earnings slipped to C$37.7m (US$34m), or 67 cents a share, in the three months to September 30, down from C$38.7m, or 72 cents, a year earlier.

Six-month earnings increased to C$77m from C$75.7m, with revenues up by 14 per cent to C$1.53bn. The advance in sales is due largely to Molson's acquisition of DuBois Chemicals, a US cleaning services company. The DuBois acquisition also contributed to a jump in interest expense from C$13.7m to C$30.3m.

Molson Breweries' six-month operating profit rose 23 per cent to C$96.8m, excluding Molson's return on its preferred interest in the venture and amortisation of a gain from the formation of the joint venture in 1989.

Sales volumes in the US grew by 1.7 per cent, despite a 9 per cent decline in the market for imported beers. The company ascribed the improvement to the launch of draught Foster's lager.

Continental Corp declines to $20.5m

CONTINENTAL Corporation, the US property and casualty insurer, said its third-quarter earnings declined because of increased underwriting losses, lower net investment income and lower realised capital gains, Reuter reports from New York.

The company posted third-quarter net profits of $20.5m, or 36 cents a share, including realised capital gains of 46 cents a share. In the year-ago quarter, Continental Corp earned $53.3m, or 97 cents, with realised capital gains of 51 cents.

Revenues in the quarter also fell to $1.35bn from $1.46bn, the company said.

Pre-tax insurance operations earnings in the quarter fell to $28.3m from $78.5m, the company added.

Mitel in sixth quarterly loss

MITEL, the struggling Canadian telecommunications equipment supplier controlled by BT, has suffered its sixth consecutive quarterly loss, but is edging closer to break-even, writes Bernard Simon.

The loss was C$1.9m (US$1.7m), or 4 cents a share, for the three months to September 27, the second quarter of fiscal 1992, compared with a loss of C$4m, or 6 cents, a year earlier. Sales slipped 12 per cent to C$99.4m.

Mitel specialises in small and medium-sized office switchboards. BT has been seeking a buyer for its 51 per cent stake for 18 months.

Mitel said sales continued to be hit by the recession and by the strength of the Canadian dollar. However, semiconductor business had improved due to better sales and cost-cutting.

Sara Lee to buy Playtex stake

SARA LEE, the Chicago-based consumer products company, is to buy a 25 per cent stake in Playtex Family Products, thus obtaining "increased use of the Playtex name internationally", writes Nikki Tait in New York.

Sara Lee announced a deal to buy Playtex Apparel, the privately-owned underwear manufacturer, last August, but stressed then that it was not acquiring Playtex Family Products, which makes toothbrushes, tampons, infant feeding systems and other healthcare products. The new deal, however, will give the Chicago company "trademark" rights.

Sara Lee is paying $62.5m, and will get convertible preferred stock in Playtex Family Products in return.

Compaq to shake up product and strategy

By Louise Kehoe in San Francisco

COMPAQ COMPUTER, the US personal computer-maker, has announced management changes and plans to revamp its product, pricing, marketing and distribution strategies.

The company is struggling to rebuild investor and customer confidence after the dismissal of Mr Rod Canion, president and chief executive and the company's co-founder, and its first quarterly loss.

Compaq's share price has lost nearly 25 per cent of its value during the last two weeks.

Mr Eckhard Pfeiffer, newly-appointed president and chief executive, said: "Compaq has initiated aggressive new product plans." The company would develop a low-price range of personal computers "targeted at AST, Dell, Northgate and other low-end competitors" that had been eroding Compaq's market share.

Mr Pfeiffer would not comment, however, on when Compaq might bring these products to market.

Compaq, which used to rely exclusively on third-party computer dealers to distribute its products in the US, would "greatly increase direct customer contact", said Mr Pfeiffer. As a first step, Compaq was expanding its field support and service organisation by more than 50 per cent. The company was also studying distribution via mail order, he said.

Such a move could undermine Compaq's relationship with its dealers, which has been one of its most significant competitive advantages.

Mr Pfeiffer said Compaq would also step up efforts to identify and pursue market opportunities, including the home, education and small business market segments.

Compaq also announced that five senior executives had taken early retirement, including Mr James Harris, another Compaq founder, who was vice-president of engineering.

Samsung to split with two companies

By John Ridding in Seoul

SAMSUNG Group, South Korea's largest conglomerate, yesterday announced that it was to sever ties with two companies within its group of businesses as part of a strategy to concentrate financial and management resources on its core activities.

The group will end equity, loan and management links with Chonju Paper, Korea's largest manufacturer of paper products, and Shinsegae Department Store, one of the country's largest retailers. Both companies are listed on the Korean Stock Exchange.

Despite government attempts to foster greater specialisation on the part of the *chaebol*, the large conglomerates which dominate the Korean economy, the separation of companies from business groups is unusual.

Samsung Group said that the action would enable it to focus on its core businesses, particularly electronics, heavy industry and manufacturing. But analysts at securities houses in Seoul said the two companies would remain under the influence of the Samsung Group.

This view is supported by the fact that members of the family which controls the Samsung Group will remain the largest shareholders of both Chonju Paper and Shinsegae.

Ms Lee Myung Hee, who holds 11.4 per cent of the shares in Shinsegae, and Ms Lee In Hee, who holds 6.7 per cent of the shares in Chonju Paper, are daughters of Mr Lee Byung Chul, the late founder of the Samsung Group.

Samsung Group responded that links between Samsung and the two companies would be broken by replacing senior executives who work concurrently at Chonju Paper, Shinsegae and other Samsung Group companies, and by ending the two companies' access to group funds and loan guarantees.

"This will effectively remove Chonju and Shinsegae from the orbit of Samsung Group," the company said. "From our point of view, these companies are no longer a part of the Samsung Group."

Under the terms of yesterday's announcement, Shinsegae and Chonju Paper are to sell their shareholdings in other Samsung Group companies. These companies are generally unlisted, and their value is being evaluated. But the sales may inject capital into Shinsegae and Chonju Paper.

Packer may face inquiry over Fairfax bid

By Kevin Brown in Sydney

THE Australian Broadcasting Tribunal (ABT) signalled yesterday that it might inquire into a bid for the bankrupt Fairfax newspaper group from a consortium involving Mr Kerry Packer, the television and magazine proprietor.

The tribunal said it had asked Mr Des Nicholl, the receiver handling the sale of Fairfax, to supply details by Friday on bids submitted last month by three consortia.

The request adds weight to speculation that the tribunal is about to announce an inquiry to determine whether Mr Packer's involvement would breach regulations on cross-media ownership.

Mr Packer is a 14.9 per cent shareholder in the Tourang consortium, which is 15 per cent-owned by Mr Conrad Black, the Canadian proprietor of the Daily Telegraph, the UK newspaper.

Mr Peter Westerway, ABT chairman, is understood to have been collecting information on the bid because of concern about a possible increase in the concentration of media ownership.

The government recently tightened the cross-media ownership laws to prevent television proprietors exercising indirect control of newspapers through agreements with managers or other shareholders.

Mr Packer has denied that he has any agreement with Mr Black, who would be deputy chairman of Fairfax if the Tourang bid was accepted. Mr Trevor Kennedy, a former aide to Mr Packer, resigned as chief executive of Tourang recently.

An inquiry by the tribunal would not prevent the sale of Fairfax to Tourang. However, it would mean that the sale would have to be approved by ABT. This might make two other bidders more attractive.

The other bidders are a consortium led by Mr Tony O'Reilly, chairman of Heinz, the US food group, and Australian Independent Newspapers (AIN), which is supported by most domestic financial institutions.

The three groups are believed to have bid about A$1.3bn (US$1.02bn) for Fairfax, although the Tourang and AIN consortia are thought to have adjusted their bids in recent days. The receiver is expected to decide shortly whether to accept one of the bids or opt for a flotation.

Fairfax publishes the Sydney Morning Herald, the Australian Financial Review and The Age in Melbourne. It was put into receivership by its banks in December after failing to pay interest on loans of A$1.3bn and US$450m in junk bonds.

Natural fibres gain at Japanese groups

By Emiko Terazono in Tokyo

THREE Japanese textile companies announced unconsolidated earnings for the six months to September yesterday. Synthetic fibre divisions were hit by declining demand, while natural fibre operations saw renewed profitability as production cuts led to reduced inventories.

Asahi Chemical, a leading synthetic fibre-maker, reported a 13.2 per cent decline in pre-tax profits to Y31.5bn ($243m) on a 4.8 per cent rise in sales to Y479.4bn.

Sales in textiles fell by 2.2 per cent to Y81.2bn, in chemicals and plastics they increased by 3.8 per cent to Y192.9bn, and in building materials and housing they rose by 9.2 per cent to Y166.1bn. For the year, earnings forecasts were revised down to a 7.1 per cent fall to Y66bn on a 4.6 per cent rise in sales to Y1,010bn.

Pre-tax profits at Kanebo rose 4.1 per cent to Y5.2bn, on a 0.2 per cent fall in sales to Y264.4bn. Textile sales fell 7.4 per cent to Y130bn, with natural fibre sales declining 24.4 per cent.

Cosmetic sales rose 8.3 per cent to Y76.2bn.

For the year, Kanebo projects a 1.8 per cent rise in pre-tax profits to Y11.2bn on a 1.9 per cent sales rise to Y538bn.

Toyobo reported a 9.4 per cent rise in pre-tax profits to Y5.1bn on a 3 per cent rise in sales to Y172.1bn. Textile sales rose 1.2 per cent to Y130.7bn.

Non-textile sales rose 9.2 per cent to Y41.4bn. For the year to March, Toyobo projects a 17.6 per cent rise in pre-tax profits to Y12bn on a 4.8 per cent rise in sales to Y355bn.

Sales slide at Nippon Mining

NIPPON Mining, the Japanese metal and mining company, announced a 3.3 per cent fall in interim sales to Y435.7bn ($3.4bn) due to a fall in copper and zinc prices, writes Emiko Terazono.

Pre-tax profits, however, surged 287.3 per cent to Y4.8bn due to depressed earnings for the same period a year ago on the sharp rise in oil prices due to the Gulf crisis.

For the year, sluggishness in the metals markets means the company expects flat pre-tax profits at Y17bn on a 10 per cent fall in sales to Y890bn.

Waste disposal group takes $15m charge

By Patrick Harverson in New York

BROWNING-FERRIS, the second largest waste disposal group in the US, has announced a special after-tax charge of $15.5m in the fourth quarter to cover the cost of bringing some of its rubbish dumps up to recently-issued government guidelines.

The charge left Browning-Ferris with a loss of $111m in the fourth quarter, and cut the year's earnings to $65.1m.

Last year, the company made a profit of $256m after another special provision to cover the settlement of a lawsuit and to write down the value of some garbage dump properties.

The latest charge was due to new standards imposed two months ago by the Environmental Protection Agency on the design, operation, closure and post-closure activities of municipal solid waste landfills and toughened controls on air emissions from dumps.

INTERNATIONAL COMPANIES AND FINANCE

SBC sees advance despite rise in provisions

By William Dullforce in Geneva

SWISS Bank Corporation, the country's second largest banking group, expects to post higher net earnings this year despite a "massive" increase in provisions against losses.

As SBC reported earlier, without giving a specific profit figure, cash flow after taxes in the first nine months was 40 per cent up on the corresponding period of 1990. Write-offs, provisions and losses had increased by 68 per cent over the period, the bank said yesterday.

Mr Georges Blum, general manager, said write-offs and provisions for 1991 could be 70 per cent higher than the SFr785m ($500m) for last year, indicating that the total could reach SFr1.25bn. Nevertheless, income had developed so favourably that SBC could foresee a bigger net profit than the SFr697m last year, although the increase would be lower than for the cash flow.

SBC would "provision to an extreme degree" this year as it should cover against any surprise, Mr Blum said. This increase should be set against the comparatively low 5.7 per cent increase in provisions last year. So far this year, some 53 per cent of the charges had been against Swiss risks and the rest against possible losses on foreign credits.

On Tuesday, when forecasting record 1991 profits for Union Bank of Switzerland, Mr Robert Studer, chief executive of the country's biggest banking group, said its write-offs and provisions would be more than 30 per cent higher than last year's SFr1.33bn. However, Mr Studer was referring to the UBS consolidated accounts while SBC's estimate concerned only its parent bank.

Higher margins on lending outside Switzerland and the appreciation of the US dollar helped SBC achieve a 9.5 per cent increase in net interest income during the first three quarters, while income from commissions grew by 6.7 per cent.

All the investment banking operations had turned in good profit performances, according to Mr Blum. In New York, where SBC has some 7 per cent of its total assets, results had been very positive; in particular, the alliance with O'Connor Partners, a derivatives trading company, had exceeded expectations.

Excellent results had been obtained in the London operation, which had formerly been a source of concern, while a new team of dealers was producing a recovery in Tokyo.

Rigorous rationalisation had helped to keep the rise in overall spending below 10 per cent.

The bank's total assets increased by SFr8.1bn to reach SFr172.5bn at the end of September, the rise being due entirely to the appreciation in the value of the dollar.

Procordia profits up 23% at nine months

By Robert Taylor in Stockholm

PROCORDIA, the Swedish pharmaceutical and food conglomerate, announced yesterday a 23 per cent improvement in its profits (after financial items) for the first nine months of the year to SKr3.08bn ($513m).

It forecast that profits for the whole of 1991 would be "well over" SKr3.5bn, compared with SKr2.08bn for last year.

Sales rose by 9 per cent over the period to SKr23.858bn, and operating income by 29 per cent to SKr2.945bn.

The results are in line with market expectations, and they indicate the success in savings derived from the restructuring and rationalisation of the company after its emergence early in December 1989 from the merger between Pharmacia, Volvo's drug and biotechnology company, and the state holding company, Procordia.

The most powerful performance at Procordia has been in its health care activities, with a 43 per cent growth in operating profits to SKr1.467bn from SKr1.028bn for the same period of 1990 and a 14 per cent increase in net sales to SKr7.074bn from SKr6.192bn.

But there was also a marked improvement in results from the company's biosystem activities, with an operating profit of SKr231m compared with a SKr23m loss for the same period of last year.

There was a less satisfactory picture in the overall food division: only a 2 per cent improvement in the pro forma operating income to SKr1.520bn, with a sharp fall in seafood, sugar production and meat and fast-food areas.

However, the company's United Brands and beverage division enjoyed operating income growth of 29 per cent and 28 per cent respectively.

The company's hotels and restaurants activities both recorded a decline in operating income as well as turnover.

Celatose falls victim to nappy war in France

By Alice Rawsthorn in Paris

YET another fragment of French industry seems set to fall prey to multinationalism as Celatose, France's sole surviving nappy producer, prepares to be taken over by a foreign purchaser.

Celatose is the latest victim of the nappy war, or "la guerre de la couche-culotte". The company, based near Lille in northern France with plants in Spain and the UK, has been struggling in the increasingly competitive market.

It has received an approach from an unnamed company outside the European Community, whose identity will be unveiled in a fortnight when, or so it hopes, the French Finance Ministry will approve the acquisition.

Celatose's problems began four years ago when Procter & Gamble, the powerful US consumer product company, introduced its Pampers brand to France. P&G is now number one in the market with 45 per cent, ahead of Peaudouce which, despite its French-sounding name, is owned by Mölnlycke of Sweden with 13 per cent.

"La guerre" has already claimed two casualties in France. One producer, Les Laboratoires Larochette, was bought by Hartmann of Germany. Another, Itrev, has beaten a retreat from nappies.

Celatose has struggled on in third position with 12 per cent, thanks to its strength in own-label sales. But it has found it increasingly difficult to compete against P&G and Mölnlycke, both of which have invested heavily in marketing and product development.

Celatose went into receivership in 1989 but was rescued by Copi, a consortium of investors led by Mr Emmanuel Coste and Mr Joel Picard. It returned to profit in 1990 when it made FFr50m ($8.68m) on sales of FFr1.14bn and has stayed in the black this year on projected sales of FFr1.2bn. However, it has decided that, as an independent company, it could not compete indefinitely with the multinationals.

Meanwhile, the nappy war is moving on. The new battlefield is Italy, where P&G has been given the go-ahead for its joint venture with Finaf, a leading player in Italian nappies or, more properly, *pannolini*.

Pepsico plans $1bn Spanish investment

By Tom Burns in Madrid and Nikki Tait in New York

MR WAYNE Calloway, the chairman of Pepsico, yesterday said the US soft drinks, snacks and fast-food restaurant group would invest $1bn over the next five years to expand its operations in Spain.

Under the plan, two new bottling plants will increase the company's drinks output in Spain by 50 per cent to 400m litres a year.

Matutano, Pepsico's Spanish snacks subsidiary, will obtain a new information system that aims to double its sales by 1996 and the present 22 Kentucky Fried Chicken restaurants in Spain to more than 100 in the period.

Mr Calloway said Spain represented one of the most significant investment packages undertaken by the company and that this had been prompted by the country's "solid consumer base and economic growth".

Pepsico, which is facing intense competition from Coca-Cola on the soft drinks front and from various rivals in the snacks market, said that Spain is already its sixth largest market, in terms of investment and income, outside the US. In 1990, Pepsico's sales there, across the three divisions, totalled over $500m.

Madrid delays deal between Banesto, AGF

By Tom Burns in Madrid

THE SPANISH government has temporarily blocked a Pta49bn ($473m) agreement between Banesto, the Spanish banking conglomerate, and AGF, the state-controlled French insurance company, which was announced six months ago, on the grounds that the venture could seek to evade domestic taxes.

The Ministry of Economy and Finance said that the deal, through which AGF acquires 24 per cent of Banesto's Union y Fenix, Spain's leading insurer, "could lead to the supposition of an eventual possible evasion of the Spanish state's fiscal sovereignty". It added that the authorities risked "losing the possibility of levying capital gains tax" on account of the financial complexities of the deal.

Under the terms of July's agreement, AGF paid Pta28bn for 24 per cent of Union y Fenix, some Pta11bn for between 2.5 and 3 per cent of Banesto's stock and a further Pta10bn for the right to market its insurance policies through Banesto's bank network.

The deal has been referred by the department in charge of foreign investment directly to Mr Carlos Solchaga, the economy minister, who is expected to make a decision over the next two to three months.

The surprise referral comes despite recent liberalisation of rules governing Spanish foreign investment. The announcement blocking the deal cited a safeguard clause in the deregulation decree to justify the suspension of Banesto's deal with AGF. The clause allows the authorities to suspend the liberalisation guidelines if an investment could have "consequences prejudicial to the national economy because of its volume or the nature of its financial characteristics".

At the heart of the issue lies the complex legal arrangement that surrounded the sale of Banesto's stock in Union y Fenix to AGF. Conducted by a Banesto-owned subsidiary in the Netherlands, which acquired the Union y Fenix shares from Banesto, and by an offshore company set up by the bank in the Dutch West Indies, the sale involved tax savings estimated at Pta7bn, according to business sources.

A spokesman for Banesto said yesterday that the deal with AGF will go ahead. "What we don't know is whether we will be paying taxes in the Caribbean or in Badajoz (a provincial city in the depressed Spanish area of Extremadura)," he said.

Carlos Solchaga: expected to make a decision on the deal within three months

Woolworth income 'considerably below plan'

By Nikki Tait in New York

WOOLWORTH, the large US retailer, yesterday surprised Wall Street when it reported a 48 per cent slump in third-quarter profits to $41m after tax.

It said the result was "considerably below plan for all operations".

Its shares immediately responded with a $1¾ fall, to stand at $26¾ at midsession in New York.

In the same period a year earlier, Woolworth made $80m at the after-tax level, and in earnings per share terms the 1991 figure translates into 31 cents against 62 cents.

Revenues overall fell to $2.42bn from $2.47bn, with domestic figures some 2.6 per cent higher, but foreign down 7.5 per cent.

Commenting on the results, Mr Harold Sells, chairman, said: "The sluggish economy in North America continued to hurt operations, especially in Canada, where same condition sales for the first three quarters of 1991 were down 13 per cent."

He added that the German operation had suffered, with sales on a like-for-like basis falling 8.3 per cent in the quarter.

In part, Woolworth suggested, this resulted from comparisons with an exceptionally strong third quarter in 1990, when German re-unification prompted "boom" conditions.

At the operating level, profits totalled $100m, compared with $169m in the period a year earlier.

Profits from the speciality stores slid to $81m from $100m, but there was a sharper decline in the general merchandise business – making only $19m against $89m last time.

Split geographically, profits showed a fall from $99m to $79m at home, while foreign operating profit tumbled to $24m from $70m.

Norway selects operator for mobile telephones

By John Burton in Stockholm

NORWAY has selected the Norwegian/Swedish consortium NetCom to operate the country's first privately-owned mobile telephone network in the latest move within the Nordic region to deregulate telecommunication services.

Orkla, the Norwegian food and drink group, has a 66 per cent stake in NetCom, while the remainder is held by Kinnevik, the Swedish telecommunications and media group.

Norvans, a group of leading Norwegian companies that backed a rival bid for the new digital GSM-standard network, is expected to buy a part of Orkla's share in NetCom.

The adoption of the GSM standard for digital cellular telephone networks throughout western Europe has persuaded the Nordic governments to allow at least one private operator to compete against state telecommunications agencies in this sector.

Kinnevik, which operates a small analogue mobile telephone network in Sweden, has been awarded a licence to operate one of Sweden's two private GSM networks.

The competing private Swedish network will be managed by NordicTel, which is owned by a consortium of Swedish companies, including the vehicle group Volvo.

NordicTel is a shareholder in the new private Danish GSM network, Dansk Mobiltelefon.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 07.11.91 Pool purchase price £/MWh	Final Prices for Trading on 18.10.91 Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.40	15.67	15.67
0100	18.65	15.83	15.83
0130	28.60	15.88	15.88
0200	21.00	15.88	15.88
0230	16.43	15.89	15.89
0300	16.25	15.89	15.89
0330	16.22	15.88	15.88
0400	16.15	15.88	15.88
0430	16.15	15.86	15.86
0500	16.12	15.86	15.86
0530	14.15	15.86	15.86
0600	14.28	15.88	15.88
0630	14.40	15.95	15.95
0700	14.92	16.33	16.33
0730	17.21	18.00	20.88
0800	17.74	20.11	23.49
0830	18.70	26.45	30.08
0900	18.63	27.04	30.84
0930	18.84	21.74	26.30
1000	18.65	21.46	24.98
1030	18.85	22.83	36.17
1100	18.89	22.71	26.27
1130	18.86	29.74	33.84
1200	18.87	30.03	33.99
1230	26.62	29.43	33.23
1300	18.84	28.31	31.61
1330	18.82	19.79	22.78
1400	18.58	19.47	22.36
1430	16.36	18.53	21.37
1500	15.36	18.62	21.35
1530	18.62	18.54	21.38
1600	19.58	19.83	22.78
1630	30.66	19.39	22.50
1700	48.19	25.08	29.46
1730	54.17	26.00	29.34
1800	51.00	25.85	29.15
1830	36.32	26.97	30.89
1900	23.82	29.91	34.26
1930	20.02	29.87	34.16
2000	18.83	27.46	31.14
2030	18.40	22.84	25.89
2100	18.30	18.47	21.29
2130	17.66	18.01	20.78
2200	17.21	17.99	20.76
2230	14.93	17.98	20.74
2300	14.57	17.98	20.74
2330	14.28	15.97	15.97
2400	14.22	15.92	15.92

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

East Daggafontein Mines, Limited

(Incorporated in the Republic of South Africa)

Group interim report

30 September 1991

(Issued share capital: 15 123 087 ordinary shares of R1,00 each.)

The directors announce the following group unaudited results for the six months ended 30 September 1991:

Income statement

	Six months ended 30 September 1991 R000	 1990 R000	Twelve months ended 31 March 1991 R000
Net income before tax	9 152	16 074	29 752
Taxation	4 454	8 094	14 929
Net income after taxation	4 698	7 980	14 823
Extraordinary item	–	–	20 716
Transfer to non-distributable reserve	–	–	(20 716)
Net income	4 698	7 980	14 823

Balance sheet

	30 September 1991 R000	 1990 R000	31 March 1991 R000
Ordinary shareholders' equity	61 405	43 853	56 701
Non-distributable reserve	20 716	–	20 716
Capital employed	82 121	43 853	77 417
Fixed assets and investments	76 923	36 397	74 309
Net current assets	5 198	7 456	3 108
Employment of capital	*82 121*	*43 853*	*77 417*

Notes

1. During the period under review, the company's wholly owned subsidiary Dumpco Limited earned revenue of R9 315 000 (1990 – R13 865 000) from the disposal of 6 779 000 tons (1990 – 6 856 000 tons) of slimes to East Rand Gold and Uranium Company Limited ("Ergo") for treatment at the Daggafontein plant, which produced 1 831 kilograms (1990 – 1 833) of gold.
2. The decrease in revenue is a result of Dumpco now having to contribute 50% of ongoing capital expenditure in terms of the contractual arrangement with Ergo. In addition, planned capital expenditure has been incurred on the slimes dams recently acquired from the Gold Fields Group in order to bring these into production. It is anticipated that revenue will commence from the treatment of these dams within the next 18 months. Dumpco's share of the total expenditure amounted to R4,097,500.
3. On 23rd October 1991 Lydenburg Exploration Limited ("Lydex") disposed of the material contained in the Cason Sand Dump and relevant permit thereto to Knights Gold Mining Company Limited ("Knights") in exchange for 11,500,000 ordinary shares in Knights. East Daggafontein Mines, Limited has a 9.5% beneficial interest in the proceeds from the disposal and, as a result thereof, has received 1,092,500 ordinary shares in Knights.

On behalf of the board

E P H Bieber *Chairman*
C I von Christierson *Director*

Declaration of interim dividend number 82

On Tuesday, 5 November 1991 interim dividend number 82 was declared payable to holders of ordinary shares as follows:

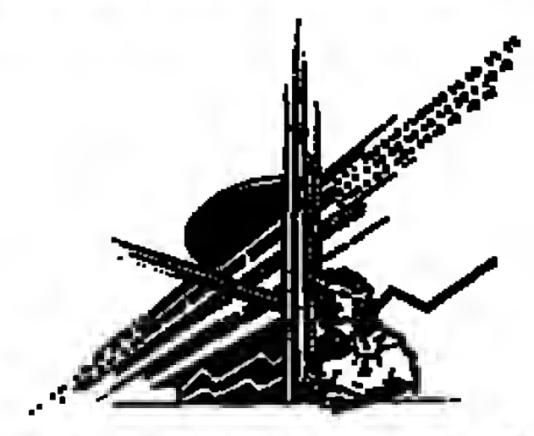
Amount (South African currency)	31 cents per share (1990 – 55 cents per share)
Last day to register for dividend (and for changes of address or dividend instructions)	1991 Friday, 22 November
Registers closed from to (inclusive)	Saturday, 23 November Saturday, 30 November
Ex dividend on Johannesburg and London stock exchanges	Monday, 25 November
Currency conversion date for sterling payments to shareholders paid from London	Monday, 25 November
Dividend warrants posted	Friday, 6 December
Payment date of dividend	Friday, 6 December
Rate of non-resident shareholders' tax	15 per cent

The full conditions relating to the dividend may be inspected at the Johannesburg and London offices of *the company and its transfer secretaries.*

By order of the board

R B Shead
Company secretary

Johannesburg
6 November 1991



U.S. $250,000,000

Crédit Lyonnais

Subordinated Floating
Rate Notes Due August 1997

Interest Rate	5$\frac{7}{16}$% per annum
Interest Period	7th November 1991 7th February 1992
Interest Amount per U.S. $10,000 Note due 7th February 1992	U.S. $138.96

Credit Suisse First Boston Limited
Agent

INTERNATIONAL CAPITAL MARKETS

Gencor 'was consulted by Anglo over stake sale'

By Kenneth Gooding, Mining Correspondent

A DECISION by Anglo American Corporation, South Africa's biggest mining house, to sell most of its shareholding in Gencor, its largest local competitor, was not unfriendly, said Mr Derek Keys, chairman of Gencor, in London yesterday.

Anglo had consulted with Gencor about selling the 5.8 per cent stake, worth about R780m ($278.5m) at present market prices, he revealed.

The sale was prompted by another deal in which Anglo and Gencor jointly paid more than R1bn for Middelburg Steel and Alloys, a stainless steel and ferro-alloys producer.

"Anglo asked whether it would be acceptable for them to finance their part of the Middelburg purchase by selling Gencor shares," said Mr Keys. The deal gave Anglo a "direct route" into the ferro-alloys business, one with which it previously had an indirect link via the Gencor holding, he pointed out.

Anglo then waited for Gencor to produce its annual results before announcing on Monday it would sell most of its Gencor shares by tender. Mr Keys said he was "rather tickled" that about R600m-worth of Gencor shares could be sold in this way because the investment community appeared to be willing to take them.

Mr Keys was talking at a meeting with institutional investors. He said UK investors played an important part in Gencor's decision not to go ahead with a scheme to unbundle its assets by floating off some subsidiaries separately.

Gencor hoped this would reduce the discount of the share price to net asset value. "UK investors pointed out that Gencor itself had only recently become big enough to be of interest to them," he said.

However, the unbundling scheme would be looked at again "if it seems appropriate."

Gencor recently reported its attributable profit for the year to August 31 had fallen by 5 per cent to R1.4bn, compared with the previous year. He repeated his warning that, as there was as yet no sign of recovery in commodity prices, it might be a year to 18 months before Gencor's earnings started to rise again.

Japanese, US groups plan joint venture

YOKOGAWA Electric, the Japanese industrial instruments-maker, and Hewlett-Packard, the US computer group, will set up a joint venture near Tokyo to make analytical devices, AP-DJ reports from Tokyo.

The new company, Yokogawa Analytical Systems, will be established in April with a capitalisation of Y1bn ($7.7m). Hewlett-Packard will own 51 per cent and Yokogawa 49 per cent. It will develop, produce and market instruments for analysis of chemicals, pharmaceuticals and semiconductors.

■ JARDINE Pacific, a wholly-owned subsidiary of Jardine Matheson, has formed a joint venture with Systima USSR, the Soviet Union's railway organisation, Reuter reports from Hong Kong.

The main aims of the venture are to provide additional non-vessel operating common carriers for Soviet bilateral cargo trade with the Far East and Europe and to book cargo to eastern Europe and Afghanistan.

■ OMRON, the leading Japanese maker of control components, has acquired a car relay division of Toronto-based Atoma International for an undisclosed sum, Reuter reports from Tokyo.

The unit has been renamed Omron Dualtech Automotive Electronics. It sells car relays to car-makers, including General Motors and Japanese US plants.

■ NIHON Unisys, the computer sales company jointly formed by Unisys of the US and Mitsui of Japan, posted a 33 per cent fall in unconsolidated pre-tax profits to Y2.13bn for the first half from Y3.18bn a year earlier, due to weak sales and higher marketing and management costs, AP-DJ reports.

For the full fiscal year Nihon Unisys forecasts unconsolidated pre-tax profits will remain near the previous year's level of Y8.70bn. Rising labour costs as well as R&D costs may squeeze profits.

■ HONDA Motor, the Japanese car-maker, has set up an import vehicle division, AP-DJ reports. It will help Honda supplement its existing product range in Japan with US-made Honda and Chrysler Jeep models.

Treasuries respond slowly to cut in discount rate

By Patrick Harverson in New York and Richard Waters in London

US bond prices rose across the board yesterday morning after the Federal Reserve cut the discount rate and lowered the Fed funds rate in an attempt to boost the flagging economy.

By midday, the benchmark 30-year bond was up [illegible] at 101[illegible] to yield 7.999 per cent. The two-year note was also firmer, up [illegible] at 100[illegible], yielding 5.628 per cent.

GOVERNMENT BONDS

The market's reaction would have been more positive, but concern about the afternoon auction of 10-year notes and the fact the rate change had already been almost fully discounted by the market, held prices back.

The cut in the discount rate from 5 4.5 per cent surprised the market, which had not expected the Fed to ease policy in the middle of the quarterly refunding programme. The move prompted speculation the Fed acted because of reports that uncertainty over monetary policy had stifled demand from investors for Tuesday's new issue of three-year notes.

That auction proved a disaster and one of the Treasury's most costly refunding rounds in recent years, and some analysts argued the Fed cut the discount rate yesterday morning to prevent similar disasters in the afternoon auction of 10-year notes and today's sale of 30-year bonds.

The majority of analysts, however, believed the Fed cut the rate because of concern about the sluggishness of the economic recovery, but it had wanted to wait until after Tuesday's Federal Open Market Committee meeting had discussed monetary policy before taking any action. The Fed revealed yesterday four of its five governors voted in favour of a discount rate cut.

■ JAPANESE government bonds continued to drift lower in Tokyo trading yesterday as hopes of an imminent official discount rate cut continued to fade, but recovered later in London following the US cut.

The yield on the benchmark government bond issue No 129 opened in Tokyo at 5.955 and rose to 5.965 by the close, having at one stage reached 5.99. In London, however, it eased again to 5.96 and traders said they expected prices to improve further in Tokyo on renewed hopes of an ODR cut.

■ STRONG domestic buying of German government bonds was reported yesterday, pushing prices up despite uncertainty ahead of next Monday's announcement on the treatment of investment income. The Liffe December bund futures contract, having opened at 85.33, closed at 85.70 after heavy trading, which was echoed on the DTB, amid reports of investors switching out of French francs to buy bunds.

■ THE UK government's spending plans for the coming year were welcomed by a relieved gilts market yesterday. Planned spending of £226.6bn was at the low end of expectations, calming fears of a sharp rise in public spending ahead of the forthcoming general election. At the same time, next year's projected growth in GDP of 2¼ per cent was ahead of expectations and was greeted as a sign the current government's political fortunes could improve.

The Liffe long gilt futures contract had already gained nearly a percentage point from its opening of 94.12 before the Chancellor of the Exchequer announced the plans and later reached 95.12 before falling slightly. In the cash market, the benchmark 11¾ per cent gilt due 2003/07 also gained nearly a point, to close at 113¾.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	114.5436	+0.343	9.70	9.70	10.10
BELGIUM		9.000	06/01	99.4500	+0.200	9.08	9.06	9.07
CANADA *		9.750	12/01	106.8000	-0.500	8.72	8.74	8.86
DENMARK		9.000	11/00	100.4750	+0.200	8.92	8.90	8.86
FRANCE	BTAN	8.500	11/96	98.1574	+0.004	8.97	8.92	9.05
	OAT	9.500	01/01	104.1800	+0.060	8.80	8.75	8.85
GERMANY		8.25	09/01	99.4000	+0.230	8.34	8.33	8.14
ITALY		12.000	08/01	97.3700	-0.230	12.47	12.42	12.61
JAPAN	No 119	4.800	06/99	92.2979	-0.165	6.30	6.24	6.22
	No 129	6.400	03/00	102.4578	-0.058	5.96	5.91	5.89
NETHERLANDS		8.500	03/01	98.2700	-0.170	8.77	8.78	8.86
SPAIN		11.900	07/96	100.7500	-0.020	11.63	11.59	11.64
UK GILTS		10.000	11/96	101-06	+7/32	9.70	9.70	9.82
		10.000	02/01	101-25	+18/32	9.70	9.67	9.58
		9.000	10/08	95-31	+29/32	9.46	9.47	9.38
US TREASURY *		7.875	08/01	102-14	+9/32	7.52	7.48	7.38
		8.125	08/21	101-11	+8/32	8.00	7.89	7.78

London closing, *denotes New York morning session
Yields: Local market standard
Prices: US, UK in 32nds, others in decimal
Technical Data/ATLAS Price Sources

Citicorp to establish subsidiary in Poland

CITICORP is to become the first foreign bank to establish a fully-fledged subsidiary in Poland, according to Mr William Rhodes, Citicorp's vice-chairman, writes Christopher Bobinski in Warsaw.

Citicorp is owed $100m by Poland and is represented on the committee of western banks mandated by the more than 500 commercial banks to whom Poland owes some $10bn to discuss debt issues.

Mr Rhodes, who was in Warsaw recently to celebrate his bank's imminent opening, stressed to Polish officials the urgent need for an agreement on the country's commercial debt which Poland stopped servicing in the autumn of 1989.

Poland has since applied for a 50 per cent reduction of its commercial debt in line with its agreement earlier this year with western governments.

The banks are resisting this request, and talks have been in suspension since the summer while, according to Mr Rhodes, an agreement between the two sides is necessary to unlock a flow of fresh capital to Poland.

Citicorp's Polish branch is capitalised at $10m and called Citibank (Poland). It will join a handful of other foreign banks already operating in Poland. These include Creditanstalt of Austria and the International Bank in Poland.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Latest prices at 8.05 pm on November 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	103¼	103⅝	-⅛	6.34
ALBERTA PROVINCE 9 3/8 95	600	107⅝	108	-⅛	7.10
AUSTRIA 8 1/2 00	400	103⅛	103½		7.96
BANK OF TOKYO 8 3/8 96	100	102⅞	103¼	+⅛	7.60
BELGIUM 9 5/8 98	250	109⅛	109½		7.81
BFCE 7 3/4 97	150	101⅝	102	+⅛	7.36
BNP 8 5/8 94	300	104⅞	105¼	-⅛	6.65
BP CAPITAL 9 5/8 93	150	103⅞	104¼	-⅛	6.44
CANADA 9 96	1000	107¼	107⅝		6.94
CARCO 9 1/4 96	650	103½	104½	+⅛	8.32
CCCE 9 1/4 95	300	107⅛	107½		6.76
COUNCIL EUROPE 8 96	100	103⅛	103⅝	+⅛	7.19
CREDIT FONCIER 9 1/2 99	300	108¾	109¼	-⅛	7.86
DENMARK 8 1/4 94	150	104⅛	104⅝		6.51
DENMARK 9 1/4 95	1571	107	107⅜	-⅛	6.83
ECSC 8 1/4 96	193	104½	104⅞	+⅛	7.16
EEC 7 1/4 93	250	101⅛	101⅜		6.10
EIB 7 3/4 96	250	102⅜	102¾	-⅛	7.12
EIB 9 1/4 97	1000	108⅛	108½		7.50
ELEC DE FRANCE 9 98	200	106⅜	106⅞	+⅛	7.68
EURO CRED CARD TST 9 94	325	104⅞	105¼		7.15
EUROFIMA 9 1/4 96	100	106⅛	106⅝	-⅛	7.53
EXPORT DEV CORP 9 1/2 98	150	108¾	109¼		7.76
FINLAND 7 7/8 97	200	101⅝	102⅛	-⅛	7.48
FINNISH EXPORT 9 3/8 95	200	107⅞	108¼	+⅛	7.07
FORD MOTOR CREDIT 9 1/2 93	300	103⅜	103⅞	-⅛	7.59
GEN ELEC CAPITAL 9 3/8 96	300	107	107⅜	+⅛	7.49
GMAC 9 1/8 96	200	104⅜	104⅞	+⅛	7.88
HALIFAX 9 1/2 93	200	104⅜	104¾	-⅛	6.53
IBM WORLD TRADE 7 5/8 93	150	101⅞	102⅜	-⅛	6.74
IND BK JAPAN FIN 7 7/8 97	200	100⅞	101¼	+⅛	7.68
INTER AMER DEV 7 5/8 96	200	101	101½	-⅛	7.36
ITALY 8 1/2 94	1500	105⅛	105½		6.58
JAPAN DEV BK 8 94	150	103⅜	103¾		6.43
KANSAI ELEC PWR 10 96	350	109	109½	-⅛	7.50
LTCB 8 5/8 93	150	102½	103	-⅛	6.57
NEW ZEALAND 8 93	100	102⅜	102⅝	-⅛	6.37
NIPPON CRED BK 9 3/4 93	150	105¼	105⅝		6.75
NIPPON TEL & TEL 9 3/8 95	200	106	106⅜	-⅛	7.25
NORDIC INV BANK 9 93	200	104⅜	104⅝		6.10
ONTARIO HYDRO 11 5/8 94	200	109⅞	110½	-⅛	6.73
OSTER KONTROLLBANK 8 1/8 93	200	102⅞	103⅛	+⅛	5.93
PETRO-CANADA 7 1/4 96	200	99⅞	100⅛	-⅛	7.30
QUEBEC HYDRO 9 3/4 98	150	108⅜	108⅞		8.13
QUEBEC PROV 9 98	200	104⅜	104⅞	-⅛	8.11
SAINSBURY 9 1/8 96	150	105¼	106⅛	-⅛	7.67
SAS 10 99	200	105⅞	106½	+⅛	8.97
SBAB 9 1/2 95	500	107½	107⅞		7.02
STATE BK STH AUST 9 1/4 93	100	103⅞	104⅛	-⅛	6.44
SUMITOMO BK CAP MKT 9 3/8 93	150	104⅞	105¼	-⅛	6.80
SWEDEN 8 1/8 94	150	103⅞	104¼	-⅛	6.52
SWEDISH EXPORT 9 5/8 93	100	104⅛	104⅝		6.09
TOKYO METROPOLIS 8 1/4 96	200	103⅞	104⅜		7.33
WORLD BANK 8 3/8 99	1500	104⅛	104⅝		7.79
WORLD BANK 8 3/4 97	1500	107	107⅜		7.27
XEROX CORPN 8 3/8 96	100	101	102	-⅛	8.11

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAPROVEN 11 1/8 95	200	102½	102⅞	+½	10.30
BULGARIAN TRADE BK 8 1/2 96	200	85¼	85¾	+⅝	12.67
DEUTSCHE FINANCE 7 1/2 95	1000	97⅜	97¾	-⅛	8.31
EIB 5 3/4 98	400	87⅜	87¾		8.37
EIB 6 7/8 95	300	96	96½	+⅛	8.08
EUROFIMA 6 1/4 98	400	89⅛	89½		8.40
FERRO DEL STAT 5 3/8 93	500	96⅜	96¾	+⅛	8.67
FIRST INTERSTATE 5 3/4 96	100	84	84½		10.35
IND BK JAPAN FIN 5 5/8 96	200	88⅛	88⅝		8.95
IND DEV BK INDIA 6 3/8 94	200	89⅝	89⅞		10.37
LUFTHANSA INT FIN 5 7/8 98	500	86⅝	86⅞	-⅛	8.65
NACIONAL FINANCIERA 11 95	150	101	101½		10.61
NAT BK HUNGARY 8 96	200	91⅛	91⅞	+1⅛	10.19
QUEBEC HYDRO 6 3/4 99	300	89⅜	89⅞		8.72
SWEDEN 6 1/8 98	300	89	89½	+⅛	8.42
VENEZUELA 8 1/4 93	100	96½	96⅞	+⅛	10.25
WORLD BANK 0 15	2000	17⅝	17⅞	-⅛	7.46
WORLD BANK 5 3/4 96	300	91	91½	+⅛	8.28
WORLD BANK 7 1/8 95	500	97⅛	97⅝		8.17

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	85½	86½	-1	7.45
AUSTRIA 4 5/8 98	100	87½	88	+1	7.16
CHUBU ELEC POWER 6 3/4 01	300	98	99		7.04
COUNCIL EUROPE 4 3/4 98	250	87½	88	-⅛	7.29
EEC 5 1/2 00	100	88¾	89½	+1	7.23
EIB 6 1/2 98	600	96⅛	96⅝		7.11
ELEC DE FRANCE 7 1/4 06	100	100	100½		7.25
FINLAND 5 3/8 95	150	93½	94		7.31
GENERAL MOTORS 7 1/2 95	100	100½	101		7.31
JAPAN DEV BK 5 1/2 94	100	95¼	95½		7.85
KOBE 6 3/8 01	240	94½	95¼	+½	7.17
NEW ZEALAND 4 7/8 99	200	84¼	84¾	+⅛	7.79
QUEBEC HYDRO 5 08	100	74	75		7.87
WORLD BANK 5 03	150	82	82½		7.33
WORLD BANK 7 01	600	99¾	100	+⅛	7.01

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	97⅝	98		5.86
CREDIT FONCIER 5 1/4 94	20000	97⅞	98¼		6.06
DENMARK 7 95	40000	103⅛	103⅜		5.90
EIB 4 5/8 94	40000	97⅛	97⅜		5.77
FINLAND 6 3/4 96	50000	102⅜	102⅝		6.10
GENERAL ELECTRIC 5 3/4 93	35000	99⅛	99⅜		6.29
INTER AMER DEV 7 1/4 00	30000	108⅜	108⅝		5.96
KANSAI ELEC PWR 4 5/8 94	60000	96⅜	96⅝		6.12
NIPPON TEL & TEL 5 7/8 96	50000	99½	99⅞		5.99
NORWAY 5 1/8 95	50000	97⅝	97⅞		5.90
SNCF 6 3/4 00	30000	105	105⅜	-⅛	5.96
SWEDEN 5 5/8 95	20000	98⅞	99¼		5.99
WORLD BANK 6 3/4 00	50000	105⅛	105½		5.93

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.57
KREDIETCORP 7 93 LFr	1000	95⅜	96⅜		9.79
WORLD BANK 8 96 LFr	1000	96⅛	97½		8.96
BCE INC 9 5/8 93 C$	300	102	102½	+⅛	8.07
BELL CANADA 10 5/8 99 C$	150	106⅛	106⅝		9.43
BRITISH COLUMBIA 9 1/4 93 C$	150	101⅞	102½	+⅛	7.85
EIB 10 1/8 98 C$	130	105⅞	106⅛	+⅛	8.96
ELEC DE FRANCE 9 3/4 99 C$	275	103⅞	104⅛	+⅛	9.07
FORD CREDIT CANADA 10 94 C$	100	103⅞	104⅛	+⅛	8.39
GENERAL ELECT CAP 10 1/4 93 C$	175	103⅞	104⅛	+⅛	7.96
ONTARIO HYDRO 10 7/8 99 C$	500	107⅝	107⅞	+⅛	9.56
OSTER KONTROLLBANK 10 1/4 99 C$	150	105¾	106⅛		9.24
QUEBEC PROV 10 1/2 98 C$	200	105⅛	105⅝		9.39
ROYAL TRUSTCO 10 1/4 93 C$	100	101⅛	101⅝	-⅛	9.19
SWEDEN 9 3/4 93 C$	250	102⅛	102⅝	+⅛	7.94
BELGIUM 9 1/8 96 Ecu	1250	100⅛	100⅜	-⅛	9.06
CNT 7 3/8 93 Ecu	250	96	96⅝	-⅛	10.08
CREDIT LYONNAIS 9 96 Ecu	125	97⅛	99	-⅛	9.62
DENMARK 7 5/8 96 Ecu	250	92⅞	93⅜	-⅛	9.79
EEC 7 5/8 94 Ecu	200	96⅜	96⅞	-⅛	9.41
EIB 10 97 Ecu	1125	104⅛	104½	-⅛	8.98
ITALY 10 3/4 00 Ecu	1000	109⅛	109½	+⅛	9.09
UNITED KINGDOM 9 1/8 01 Ecu	2750	101⅛	101⅝		8.93
BP AMERICA 12 1/4 96 A$	100	108⅛	108⅝		9.82
COMM BK AUSTRALIA 13 3/4 99 A$	100	117½	117⅞	+⅛	10.38
COUNCIL EUROPE 13 93 A$	50	104	104⅜	+⅛	9.92
EKSPORTFINANS 12 3/8 95 A$	75	109⅜	109⅞	+⅛	9.14
FORD CRED AUST 13 93 A$	50	102½	103⅛	-⅛	10.78
MCDONALDS CANADA 15 95 A$	100	115⅛	115⅝		9.77
NAT AUSTRALIA BANK 14 3/4 94 A$	150	110⅛	110⅝	-⅛	9.46
STATE BK NSW 14 1/4 99 A$	100	118⅛	118⅝	+⅛	10.48
VOLKSWAGEN INTL 15 94 A$	100	111	111½	-⅛	9.48
ABBEY NATL TREAS 13 3/8 95 £	100	107⅜	107⅞	+⅛	10.57
BARCLAYS JERSEY 9 1/2 93 £	250	98⅞	99¼		10.30
BRITISH GAS 12 3/4 95 £	300	106⅛	106⅝		10.31
DEUTSCHE BK FIN 11 94 £	225	101⅛	101⅝		10.23
EIB 10 97 £	536.5	99⅛	99⅝	+⅛	10.07
FORD CREDIT FUNDING 9 5/8 93 £	50	98	98⅞	+⅛	11.11
INTER AMER DEV 11 3/8 95 £	75	103½	103⅞	+⅛	10.11
ITALY 10 1/2 14 £	400	99⅛	99½	+⅛	10.57
LAND SECS 9 1/2 07 £	200	85⅜	86⅛	+⅜	11.49
LEEDS PERMANENT 9 1/4 93 £	50	97⅞	98⅜	-½	10.72
NORWAY 10 1/2 94 £	200	100⅝	101		10.13
ROLLS-ROYCE 9 5/8 93 £	150	98⅛	98½	+⅛	10.85
SAINSBURY 10 7/8 93 £	100	100⅝	100⅞		10.68
SKANDINAVISKA ENSK 13 1/8 95 £	100	106⅛	106⅝	+⅛	10.73
WORLD BANK 11 1/4 95 £	100	103⅜	103⅞	+⅛	10.06
ABBEY NATIONAL 0 96 NZ$	100	63½	64⅛		9.69
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	106½	107½	-⅛	9.16
AIDC 7 7/8 93 FFr	600	97⅜	97⅞		9.48
CEPME 10 95 FFr	2000	102⅜	102⅝		9.37
EURATOM 7 5/8 98 FFr	500	92⅛	93⅛		9.11

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALLIANCE & LEICS 0.08 94 £	300	99.54	99.65	10.8425
BANCO ROMA 0.03 01	200	91.50	92.50	6.4875
BANCO SANTO SPIRITO 93	200	99.57	99.69	5.6250
BELGIUM 1/16 97 DM	500	99.97	100.07	9.5000
BFCE -0.02 96	350	100.01	100.11	6.1880
BNP 05	300	95.50	96.25	5.5625
BRITANNIA 1/10 96 £	150	99.13	99.35	10.6625
CCCE 06 ECU	200	99.94	100.04	9.7500
CITIZENS FED 0.15 96	100	99.50	99.95	4.9625
COMMERZBK O/S FIN 93	200	100.01	100.11	5.8750
CREDIT FONCIER -1/16 98	200	99.84	99.94	5.9438
DENMARK -1/8 96	1000	99.84	99.94	5.6875
DRESDNER FINANCE 1/32 98 DM	1000	99.95	100.04	9.5156
ELEC DE FRANCE 1/8 99	400	100.60	100.94	6.0625
FERRO DEL STAT 94	200	100.74	100.99	5.9375
HALIFAX 1/10 94 £	200	99.95	100.05	11.1000
IRELAND 98	300	99.51	99.61	6.4400
ITALY 00	500	100.54	100.64	6.3750
MITSUI FIN ASIA 1/8 96	100	99.46	99.56	5.9375
MORGAN (JP) 1/4 97	250	99.00	99.75	6.0000
NAT WEST FIN 3/16 05	400	91.50	93.00	5.5000
NEW ZEALAND 97	500	99.98	100.08	5.7500
RENFE 98	500	99.90	100.00	6.0625
SOCIETE GENERALE 96	300	99.49	99.59	5.6250
STATE BK VICTORIA 0.05 99	125	98.58	98.75	6.4875
UNITED KINGDOM -1/8 96	4000	99.95	99.98	5.2500

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
BURTON GROUP 4 3/4 01 £	110	2.38	125	126½	
CHUBB CAPITAL 6 98	250	86	101½	102½	+30.28
DAI-ICHI KANGYO 3 7/8 04	300	3251.8	103½	104½	+14.90
EASTMAN KODAK 6 3/8 01	300	50.67	99	100	+12.41
GOLD KALGOORLIE 7 1/2 00	46	1.0554	77	78	+82.75
HANSON 9 1/2 06 £	500	2.5875	98½	99½	+21.52
HAWLEY 6 02 PREF	400	19.1	82½	85½	
HILLSDOWN 4 1/2 02 £	150	3.97	114½	115½	
LAND SECS 6 3/4 02 £	84	6.72	84½	85½	+13.28
LASMO 7 3/4 05 £	98	5.64	79½	80½	+41.90
MITSUI BANK 2 5/8 03	200	2337½	100	101½	+15.19
MOUNT ISA FIN 6 1/2 97	100	2.283	90½	91½	+36.80
OGDEN 6 02	85	39.077	74½	75½	+38.78
SMITH & NEPHEW 4 02 £	90	3.775	118½	119½	+65.80
SUMITOMO BANK 3 1/8 04	300	3606.9	79	80½	+18.52
TEXAS INSTRUMENTS 2 3/4 02	300	82¾	86¼	87¼	
THORN EMI 5 3/4 04 £	103	7.45	117½	118½	+4.31

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: *Denominated in dollars unless otherwise indicated.* Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by Association of International Bond Dealers.

INTERNATIONAL CAPITAL MARKETS

Tightly-priced deals help ease congestion in sector

By Simon London

YESTERDAY'S ¼-point cut in US interest rates relieved congestion in the Eurodollar sector of the international bond market, as two more tightly-priced deals were launched.

The International Finance Corporation, the private sector

INTERNATIONAL BONDS

funding arm of the World Bank, came with a $300m five-year deal lead-managed by Deutsche Bank Capital Markets. It was followed into the market by OKB, the Austrian state-backed financial institution, which launched a $200m deal with the same maturity, coupon and lead manager.

Both deals were initially seen as tightly-priced and difficult to sell following a string of five-year deals, including yesterday's $250m issue from Toyota.

However, the cut in the US discount rate from 5 to 4.5 per cent caused a sharp fall in US Treasury bond yields which the Euromarket was slow to follow.

This caused yield spreads to widen: IFC from 30 to 35 basis points, OKB from 25 to 29.5 basis points by mid-afternoon. Buyers stepped in at these new levels, anticipating that the yield spread would close again as Eurodollar bond prices rose.

The cut in US rates is unlikely to dampen demand for Eurodollar bonds over the next few weeks. Redemptions of Eurodollar bonds are running at $5.5bn this month and $5.8bn in December.

In addition, many outstanding Eurodollar bonds are trading substantially above par, fuelling demand for new issues with a coupon set to match current US interest rates.

Syndicate managers said "current coupon" issues are trading at yields 5 to 10 basis points below older issues, presenting borrowers with attractive arbitrage opportunities.

Elsewhere, Barclays raised FFr1.2bn eight-year funding through a deal lead managed by BNP Capital Markets. The deal pays a coupon of 9.25 per cent and was priced to yield 50 basis points more than French government bonds.

The proceeds of the issue are being used to fund Barclays' French operations, with half swapped into floating-rate funding.

● Moody's Investors Service said yesterday it will review the Aa3 long-term credit rating of Woolwich Building Society for possible downgrade, following merger negotiations with troubled Town & Country Building Society.

Standard & Poor's said on Tuesday it would not review Woolwich's A1 short-term rating.

● Moody's also said yesterday it was reviewing for possible downgrade the Aa1 credit ratings of two top Italian banks, Istituto Bancario San Paolo Di Torino and Banca Nazionale del Lavoro.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Int.Finance Corp(a)†	300	7⅛	99.85	1996	25/15bp	Deutsche Bk Cap.Mkts.
Oesterreichische K'bank(a)†	200	7⅛	99.87	1996	¼/0.15	Deutsche Bk Cap.Mkts.
DKB Asia(b)‡†	100	(b)	101⅞	2001	2/1¾	Salomon Bros.
CANADIAN DOLLARS						
La Caisse Cent.Desjardins(a)†	100	8⅝	100.925	1996	1⅞/1.775	Wood Gundy
City of Laval(a)†	100	9¾	101.05	2002	2/1.8	Wood Gundy
FRENCH FRANCS						
Barclays Bk(a)†	1.2bn	9¼	99.726	1999	35/20bp	BNP Capital Markets
SWISS FRANCS						
GECC(a)†	125	7¼	101½	1995	-	Credit Suisse
Luebecker Hypothekenbk.(a)★★†	75	7⅝	101¾	1996	-	Deutsche Bk (Suisse)
PESETAS						
Inter-American Devt.Bk(c)†	10bn	11¼	101¾	1998	1¾/1⅝	Bco.Santander d'Negocios
YEN						
Tokyu Land Corp(a)†	20bn	6.45	101½	1997	1⅞/1.675	Yamaichi Int.
Kitz Corp(a)†	10bn	6½	101½	2000	2/1¼	Daiwa Europe

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon pays 55bp over 6-month Libor. Callable, once only, 12/12/94 at par, if call not exercised, deal will pay fixed coupon of 9⅛% thereafter. c) Matador issue. Non-callable.

Eurotunnel agrees loan facility

By Andrew Taylor, Construction Correspondent

EUROTUNNEL the publicly-quoted Channel tunnel group, announced yesterday it had signed a long-term loan facility with the European Coal and Steel Community for up to £200m. Sir Alastair Morton, Eurotunnel's chief executive, said: "This is the second step in a long programme of refinancing.

"It follows the £300m European Investment Bank parallel line signed last year."

Eurotunnel, which stressed the facilities should not be regarded as additional finance, has raised £8.7bn in loans and equity finance to pay for the project, which since 1987 has risen in cost from £4.8bn to £8.05bn

Safa may issue three-year bond

SOUTH Australian Government Financing Authority (Safa) may shortly launch a new three-year domestic benchmark bond.

It is contemplating a A$300m to A$350m issue due November 1994.

The bonds will carry an 8½ per cent coupon, AP-DJ reports from Sydney.

A change in attitudes towards derivatives

Tracy Corrigan on UK investment managers' increasing use of futures and options

UK INVESTMENT managers have been slow to make use of derivative products such as futures and options, which they have often viewed as too risky.

But attitudes are changing. Fund managers are waking up to the applications of derivatives, particularly in areas such as individual stock selection or asset allocation.

A number of leading institutional investors, such as the Prudential, British Rail and Postel, now openly declare their use of derivatives. "We certainly don't have a knee-jerk reaction against derivative products," said Mr Peter Stanyer, investment director of British Rail's externally-managed pension fund business. The business established a set of guidelines for investment managers in charge of the £8bn fund more than two years ago. "We have a stipulation that derivatives should be used for investment purposes," he said.

According to a survey conducted earlier this year by KPMG Management Consulting, nine of the UK's top 10 pension fund organisations use futures and options (while the other uses options only); but eight of them use derivatives for less than a quarter of the funds they manage.

But where retail products are concerned, many institutions are worried that the negative image of futures and options among the general public will scare off investors.

Mr Alan Wren, managing director of Prudential Holborn, said that retail products involving futures and options have met with "consumer and media resistance, so we are proceeding slowly and cautiously".

The gradual shift towards a greater use of derivative products can be traced to a number of recent developments.

● Tax: The tax position for fund managers was clarified in the 1990 budget, when pension funds and authorised unit trusts were exempted from tax on trading income from futures and options. Under the 1990 Finance Act, futures and options are treated more favourably than the underlying securities.

"Taxation is no longer an issue," said Mr Clive Gilchrist, a director of Aberdeen Trust and chairman of the National Association of Pension Funds' (NAPF) investment committee, speaking at a recent seminar presented by OM, the Swedish-based options exchange.

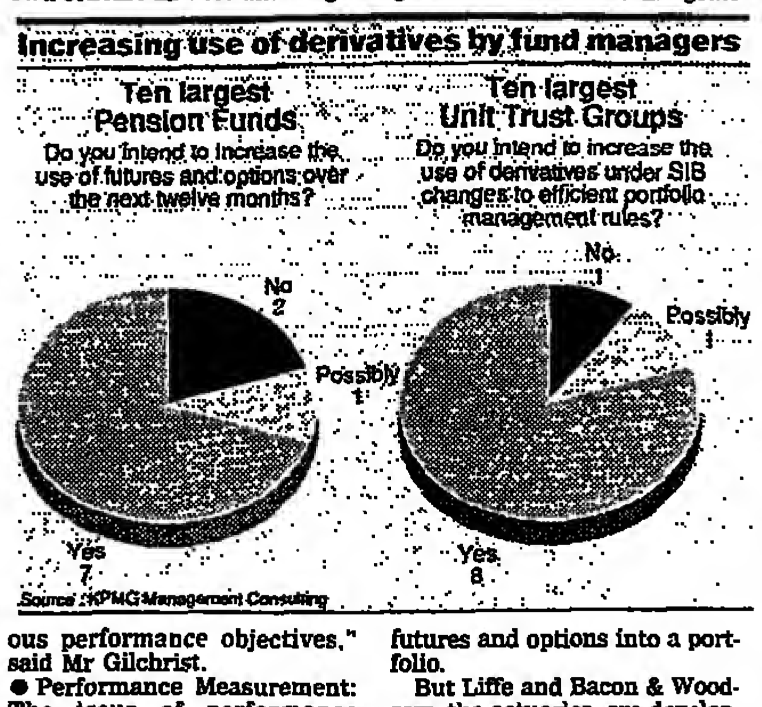
In fact, some fund managers say the confusion about the tax situation was often used as an excuse not to tackle the issue of derivatives.

● Trustees: Before using derivative products, a fund manager must gain the approval of the fund's trustees. Frequently trustees, for whom the derivatives market is often uncharted territory, have proved rather reluctant to countenance such a departure from traditional practice. However, the education process, with institutions such as the London International Financial Futures Exchange offering seminars geared to trustees, is advancing at some speed, even though the logistical process thereafter can be slow.

It is necessary to check trust deeds, which may require amendments to ensure that trustees are not asking their managers to act *ultra vires*, since many trust deeds may predate the existence of derivative products.

Restrictions are typically expressed in negative or positive terms: that is, investment is authorised in anything but a, b or c, or alternatively allowed specifically in d, c and e.

The NAPF expects trustees to impose conditions, such as constraints on gearing. "Formal objectives and constraints should be imposed by the trustees. They should know their own scheme and set unambiguous performance objectives," said Mr Gilchrist.



● Performance Measurement: The issue of performance objectives is a tricky one, partly because of the different degrees of sophistication and the different purposes for which derivatives are used by different managers. Some use derivative products mainly to hedge positions, that is, as a way of minimising downside risk. But derivatives, especially index-linked products, are increasingly being used for asset allocation. If a fund manager with a portfolio of UK shares decides to switch his exposure to, say, the US stock market, the costs and time delay of selling holdings and reinvesting are substantially. Alternatively, a change in exposure can be created synthetically, through the derivatives market, right away.

As yet, there are no general guidelines on how to integrate futures and options into a portfolio.

But Liffe and Bacon & Woodrow, the actuaries, are developing guidelines which should act as industry standards. The consultative document was published a year ago, but the feedback from managers has shown just how diverse the aims of users are. This is particularly true in the case of options. "Some fund managers want to take account of deltas and gammas (mathematical measurements of options) while others want a very simple approach, explaining the expected impact of positions," explained Ms Victoria Ward, a business development executive at Liffe.

Liffe hopes to bring out two sets of guidelines, one for trustees and one for investors, before the end of the year.

The guidelines will be in keeping with the concept of efficient portfolio management, which under Securities and Investment Board rules allows a broader use of derivative products by collective investment trusts while maintaining some restrictions.

● Unit Trusts: In July, the Securities and Investments Board opened the door for authorised unit trusts to invest in futures and options through two new categories of unit trust: FOFs (Futures and Options Funds) which can invest up to 10 per cent of their assets in derivative products, but have to cover all exposures with underlying holdings of securities; and GFOFs (Geared Futures and Options Funds), which can have up to 20 per cent of the fund's assets in futures and options and do not have to be covered.

So far, not a single such fund has been launched and the concept has met with some resistance from the unit trust industry, fearful the image of their product could be tarnished. Prudential had planned to launch a geared fund last month, but was forced to put the idea on hold due to widespread mistrust among consumers. However a Prudential spokesman said the company plans to launch at least one fund next year.

Globex development 'at critical stage'

GLOBEX, the global electronic trading system created jointly by the Chicago Board of Trade, the Chicago Mercantile Exchange and Reuters, is "at a critical stage" in its development, according to Mr Jack Sandner, CME chairman, writes Tracy Corrigan.

On January 29, the system will go on trial at 250 key stations. The projected launch is expected next summer, although the developers are loath to commit themselves to a precise date.

If the system, the first to trade around-the-clock and around-the-world, is launched successfully, it could put the world's futures and options exchanges under intense competitive pressure to join. But, given the teething problems which have delayed the system's launch by more than two years, other exchanges may still feel time is on their side.

So far, only the Matif, the Paris-based exchange which signed up two years ago, has joined the Globex system. However, the Sydney Futures Exchange is ready to join, and several New York-based exchanges, which have been negotiating as a group, have also been mooted. But most European exchanges are still hanging fire.

Over the last four or five months, CME and CBOT have "talked to virtually every exchange", and Mr Sandner believes eventually all the main exchanges will link up through Globex.

However, the London International Financial Futures Exchange, Europe's most international exchange, has reservations about the terms it has been offered. The problem is one of exclusivity, according to Mr David Burton, Liffe's chairman. Liffe would not be allowed to trade on Globex those products already listed by the CME or the CBOT (or for which either has applications pending), unless Liffe accounts for 50 per cent of global volume in that particular product. Even then, Liffe could not trade such a product (the bund contract fits that category) on Globex during regular Chicago trading hours.

"We have to do what is in our members' best interests," said Mr David Burton, Liffe's chairman. However, he is optimistic an agreement can be reached and is convinced Globex wants to attract the leading European exchanges.

Meanwhile, the Deutsche Terminbörse, the German futures and options exchange based in Frankfurt, is undecided. An official said, no decision would be made until the system was up and running.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Tue Nov 5 Index No.	Mon Nov 4 Index No.	Fri Nov 1 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (181)	813.98		9.36	5.99	13.37	31.79	814.25	811.09	816.65	685.92
2 Building Materials (23)	981.61	-0.4	7.54	6.34	17.47	41.35	985.57	998.65	1009.10	936.55
3 Contracting, Construction (30)	1070.06		7.59	6.87	18.66	49.81	1069.54	1073.55	1077.94	1130.89
4 Electricals (11)	2483.77	+0.1	8.80	5.88	14.40	84.23	2481.40	2476.09	2486.08	1789.30
5 Electronics (25)	1713.91		10.87	5.56	11.69	51.73	1713.76	1709.43	1719.65	1551.88
6 Engineering-Aerospace (8)	355.65	-0.4	15.76	7.30	7.66	18.52	357.06	351.85	353.54	392.21
7 Engineering-General (43)	488.15	-0.3	10.03	5.18	12.27	16.58	489.64	488.30	490.94	346.54
8 Metals and Metal Forming (9)	427.24	+0.3	15.33	8.29	7.92	18.43	425.77	421.10	428.47	396.88
9 Motors (12)	356.43	-0.1	7.70	7.16	17.25	17.56	356.71	332.41	336.10	265.41
10 Other Industrial Materials (20)	1593.21	-0.3	7.92	5.12	15.01	57.59	1598.83	1567.54	1576.05	1117.71
21 CONSUMER GROUP (190)	1574.83	-0.1	7.25	3.54	17.06	34.04	1576.44	1565.50	1576.39	1184.69
22 Brewers and Distillers (22)	1929.65		7.98	3.49	15.25	38.33	1929.55	1919.95	1931.99	1479.48
25 Food Manufacturing (19)	1196.96		9.47	4.18	13.07	29.98	1195.18	1188.56	1192.31	987.41
26 Food Retailing (17)	2401.48	-0.9	9.16	3.39	14.27	52.15	2424.33	2406.42	2414.22	2261.75
27 Health and Household (23)	3999.90	+0.1	5.05	2.36	22.73	61.87	3996.97	3939.59	3991.37	2431.86
29 Hotels and Leisure (24)	1336.75	+0.3	7.63	5.27	16.20	45.61	1329.97	1324.05	1329.05	1180.11
30 Media (26)	1498.22	-0.8	7.05	4.75	18.54	44.40	1510.80	1524.24	1538.65	0.00
31 Packaging, Paper & Printing (17)	763.73	+0.3	7.36	4.31	16.49	25.54	761.32	763.57	763.87	479.56
34 Stores (32)	1033.34	-0.2	7.27	3.59	18.01	20.52	1034.91	1025.21	1029.26	804.91
35 Textiles (10)	644.04	-0.6	7.23	4.82	17.62	15.49	647.94	649.36	652.30	409.97
40 OTHER GROUPS (110)	1231.24	-0.2	9.84	5.30	12.79	36.02	1233.71	1232.59	1242.82	949.49
41 Business Services (12)	1384.09	-0.5	7.71	4.72	16.13	39.29	1392.69	1386.00	1396.80	0.00
42 Chemicals (21)	1408.56	-0.5	7.15	5.14	17.26	48.39	1416.19	1413.34	1417.68	1001.18
43 Conglomerates (11)	1446.87	-1.4	9.99	7.24	12.14	38.87	1467.97	1466.38	1475.78	1245.44
44 Transport (13)	2296.71	-0.1	7.45	4.91	16.63	68.02	2298.93	2289.82	2304.73	1809.50
45 Electricity (16)	1204.84	-0.2	14.58	5.40	8.94	27.53	1207.06	1201.66	1204.99	0.00
46 Telephone Networks (4)	1456.51		10.60	4.28	12.35	28.34	1456.76	1460.64	1499.56	1053.63
47 Water (10)	2379.61	-0.3	17.16	6.50	6.45	118.37	2387.70	2383.31	2359.60	1947.20
48 Miscellaneous (29)	1855.54	+1.2	5.36	5.40	25.85	70.17	1833.70	1804.80	1819.50	1502.70
49 INDUSTRIAL GROUP (481)	1276.79	-0.1	8.46	4.55	14.74	34.81	1278.32	1272.62	1281.99	989.89
51 Oil & Gas (19)	2385.45	-0.3	10.96	5.83	12.05	93.60	2392.91	2362.21	2384.53	2294.26
59 500 SHARE INDEX (500)	1372.24	-0.1	8.77	4.71	14.35	39.49	1374.21	1366.68	1377.08	1096.54
61 FINANCIAL GROUP (90)	761.90	-0.6	-	6.14	-	32.04	766.78	770.47	773.32	676.73
62 Banks (9)	875.08	-1.5	4.76	6.09	39.71	37.46	888.49	901.61	902.53	715.64
65 Insurance (Life) (7)	1464.01	+0.9	-	5.78	-	63.68	1451.45	1437.30	1439.68	1265.74
66 Insurance (Composite) (6)	566.59	-0.3	-	7.75	-	32.94	568.33	567.29	575.23	575.76
67 Insurance (Brokers) (9)	1108.44	-0.5	7.41	6.12	17.66	43.14	1113.46	1116.43	1127.89	995.00
68 Merchant Banks (7)	482.95	-0.3	-	4.37	-	13.08	484.25	485.63	485.63	345.79
69 Property (35)	896.86	-0.1	5.90	5.16	24.27	24.74	897.41	894.81	895.57	919.52
70 Other Financial (17)	250.67	-0.5	11.40	7.36	11.01	11.08	251.94	253.77	255.67	242.52
71 Investment Trusts (70)	1207.27	-0.5	-	3.59	-	28.89	1213.56	1214.07	1221.77	998.41
99 ALL-SHARE INDEX (660)	1226.00	-0.2	-	4.86	-	37.18	1228.64	1223.67	1232.34	993.66

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 5	Nov 4	Oct 31	Oct 30	Year ago
FT-SE 100 SHARE INDEX ♦	2534.2	-6.7	2539.8	2523.9	2540.9	2527.8	2549.5	2566.0	2577.1 / 2059.2

FIXED INTEREST

PRICE INDICES	Wed Nov 6	Day's change %	Tue Nov 5	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (27)	121.76	+0.15	121.58	1.60	10.75
2 5-15 years (26)	134.55	+0.38	134.04	1.84	11.42
3 Over 15 years (8)	142.97	+0.60	142.12	1.84	11.50
4 Irredeemables (6)	156.01	+0.34	155.49	0.26	13.45
5 All stocks (69)	132.80	+0.32	132.37	1.77	11.60
Index-Linked					
6 Up to 5 years (2)	166.45		166.44	0.37	3.16
7 Over 5 years (9)	149.19	+0.01	149.18	0.82	3.83
8 All stocks (11)	150.44	+0.01	150.43	0.75	3.81
9 Debs & Loans (60)	113.85	+0.79	112.96	2.00	9.26

AVERAGE GROSS REDEMPTION YIELDS		Wed Nov 6	Tue Nov 5	Year ago (approx.)
British Government				
1 Low Coupons	5 years	8.54	8.65	10.42
2	15 years	9.49	9.55	10.79
3	20 years	9.49	9.55	10.81
4 Medium Coupons	5 years	9.71	9.77	11.37
5	15 years	9.63	9.69	11.23
6	20 years	9.59	9.65	11.18
7 High Coupons	5 years	9.92	9.99	11.48
8	15 years	9.72	9.78	11.44
9	20 years	9.65	9.70	11.41
10 Irredeemables		9.70	9.74	10.97
Index-Linked				
11 Inflation rate 5%	Up to 5yrs	3.86	3.86	3.67
12 Inflation rate 5%	Over 5 yrs	4.24	4.24	4.27
13 Inflation rate 10%	Up to 5 yrs	3.26	3.25	2.48
14 Inflation rate 10%	Over 5 yrs	4.07	4.07	4.10
15 Debs & Loans	5 years	11.41	11.43	13.50
16	15 years	11.14	11.22	12.89
17	25 years	10.92	11.03	12.48

♦ Opening index 2533.5; 9 am 2538.9; 10 am 2528.1; 11 am 2525.1; Noon 2527.5; 1 pm 2526.8; 2 pm 2525.4; 3 pm 2525.6; 3.30 pm 2527.6; 4 pm 2533.2; 4.10 pm 2533.2 (a) 9.07am (b) 3.11pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	74	0	8
Corporations, Dominion and Foreign Bonds	10	1	9
Industrials	228	272	985
Financial and Properties	59	170	530
Oils	12	29	49
Plantations	1	2	7
Mines	18	38	97
Others	41	64	45
Totals	443	576	1,730

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

● First Dealings Nov. 4
● Last Dealings Nov. 15
● Last Declarations Feb. 6
● For settlement Feb. 17

For rate indications see end of London Share Service

Calls in ASDA, Barclays, Berisford Intl., Natl. Home Loans, Sterling Trust, Storm Group, Thames TV and TSB. Puts in Berisford Intl. Puts and calls in Natl. Home Loans.

LONDON TRADED OPTIONS

[illegible]

ROBERT MAXWELL

One-to-one meetings with main lenders

Kevin Maxwell acts to reassure banks

MR KEVIN MAXWELL, the new chairman of Maxwell Communication Corporation, spent yesterday in one-to-one meetings with the main lenders to his father network of companies, in an attempt to reassure them that their loans were not in doubt.

More than 50 banks have an exposure to Mr Maxwell's group of companies. The biggest loans to his companies are held by the English clearing banks, National Westminster, Barclays, Lloyds and Midland, each of which has an exposure of more than £100m.

NatWest's exposure is understood to be more than £200m. Barclays' loans are thought to be slightly less than this, while Lloyds has an exposure of around £150m.

Foreign banks with a significant exposure include Credit Lyonnais, the large French bank, Bankers Trust of the US and Swiss Banking Corporation.

Most of these banks were yesterday holding emergency meetings of their credit committees to assess the risk on their loans to Mr Maxwell's companies.

Foreign banks are particularly worried", said one UK banker. "I have been getting calls all morning from them, asking whether the loans are in doubt".

Bankers so far appear to have agreed to act together. But conflicts may emerge as some have better security for their loans than others. The security for loans ranges from bricks and mortar at the most solid end, to shares in MCC and MGN, whose value is now hard to calculate.

Bankers became increasingly nervous about the health of Mr Maxwell's group of companies during the weeks before he died. In the spring, Robert Maxwell Estates, a private company, tried to borrow money from a syndicate of banks.

However, the company was unable to raise the money on the original terms and only succeeded in doing so after providing increased collateral to banks.

In the event, £90m was raised in a syndicated loan arranged by two English banks, Barclays and Lloyds, together with Sumitomo Trust and Banking. It was secured against the Holborn headquarters of Mirror Group Newspapers and the Hangar Lane office of AGB International.

There is a separate £170m syndicated loan to Mr Maxwell's private companies, arranged by Lloyds and due to be repaid between June 1991 and June 1992.

Accounts of Headington Investments, the central Maxwell holding company, reveal that marketable securities were deposited to secure the loan. Headington Investments had listed securities worth £295.3m at June 30 1990, mainly its 23.9 per cent stake in MCC, worth £292.3m at the share price of 189.5p. The mortgages securing the £170m are believed to be still in place.

Mortgage registers for Maxwell loans typically stipulate that if the value of share held as security against loans falls below 145 per cent of the loans' value, then more security must be provided.

The implies that at least £246m of securities – or 20 per cent of MCC – was deposited initially against the £170m loan. Yesterday that was worth only £156m.

The week-by-week financial liquidity in the private companies is believed to have improved in the past six months – an aggressive disposals programme has raised £250m for them – but is still worse than in the public companies.

Both MCC and MGN are believed to have no short term liquidity problems – nor are their bank covenants believed to have been breached.

However around 55 per cent of the empire's total net debt, believed to be close to £2.2bn, is within MCC and it presents the most complex longer term questions for the banks. Credit Lyonnais and Swiss Bank Corporation were arrangers and lead managers on a syndicated loan to Maxwell Communication Corporation launched in 1989, which had three tranches: a one year loan of $1bn, a five loan of $1.25bn and a $750m revolving credit facility.

Mr Maxwell had announced repeatedly recently that MCC was considering a demerger of the US businesses, almost all of its operating profits, and this was a leading option for paying off some of MCC's debt.

Bronwen Maddox
Robert Peston

Empire's beneficiaries will remain a secret

THE DEATH of Mr Robert Maxwell is unlikely to force disclosure of the ultimate beneficiaries of the global business empire he built up over the past 40 years, lawyers in Gibraltar said yesterday.

The identity of those who benefit from the extensive businesses was successfully kept from the public by Mr Maxwell. They were hidden first through a series of Liechtenstein companies and then more recently through those based in Gibraltar.

Gibraltar is home to a collection of trusts and holding companies which hold the majority of the shares of Headington Investments, the lynchpin of the extensive Maxwell businesses.

According to UK company law, Mr Maxwell was deemed to control Headington Investments, but majority ownership is held on a fiduciary basis by the partners of JA Hassan, the large Gibraltar law firm run by Mr Joshua Hassan, the ex-prime minister of Gibraltar.

The key company is InterEuropean Trust Company, which holds 51 per cent of Headington Investment's shares.

The trusts and offshore companies are not obliged to reveal the beneficiaries under the laws of Gibraltar.

The trusts' deeds specify the ultimate beneficial owners, to whom decisions would normally be referred. The deeds also stipulate who or what becomes a beneficiary if the main beneficiary dies or ceases to exist. The legal ownership by the JA Hassan partnership would not change.

Bronwen Maddox

Kevin Maxwell (left) and elder brother Ian: their differing personalities seem suited to the different tasks

Sons confirmed as MCC and MGN chairmen

MR ROBERT Maxwell's sons Kevin and Ian were yesterday confirmed as chairmen of the Maxwell family's two quoted companies – Maxwell Communication Corporation and Mirror Group Newspapers.

Mr Kevin Maxwell will be chairman as well as chief executive of MCC, the company that includes major businesses such Macmillan, the US publisher, and the Official Airline Guides, while Mr Ian Maxwell becomes chairman and publisher of MGN.

He is also joined on the MGN board by Mr Kevin Maxwell as a non-executive director.

The differing personalities of the two sons seem suited to the different tasks they have now assumed.

Mr Kevin Maxwell, the dealmaker and a businessman who has learned to pay attention to detail, has the enormous task of determining how much of MCC can be retained and getting as good a price as possible for the disposals needed to reduce its debt.

Mr Ian Maxwell, a personally charming marketing specialist who was once famously fired by his father for seeing a girlfriend instead of picking him up at the airport as arranged, has the sunnier task of the two.

Despite its current share price of 77p – lowly compared with the flotation price of 125p – MGN has been fighting back against the recession.

Mr Ian Maxwell is 34 and, like his younger brother Kevin, has worked for the family business virtually all his working life. The only exception was a period with the Prince's Charitable Trust, helping jobless teenagers.

Mr Ian Maxwell moved quickly to end speculation about disposals, particularly of the Scottish titles.

"To put an immediate end to mischievous speculation, I would like to stress that our Scottish newspapers, the Daily Record and Sunday Mail, are not for sale.

"They are a valuable, integral part of Mirror Group Newspapers plc and will remain so," the new MGN chairman maintained.

It is likely that Mr Ian Maxwell has inherited much of his father's enthusiasm for the loss-making European. He once described himself as being "French by birth and French by choice".

However one of the early hard decisions that will have to be taken is whether enthusiasm and vision can overcome the harsh reality of the European's losses.

Executives say that Mr Ian Maxwell, who regards himself very much as a publisher, has plenty of potential but needs to spend more time on the editorial floor and less "having tea and canapés" on the executive floors.

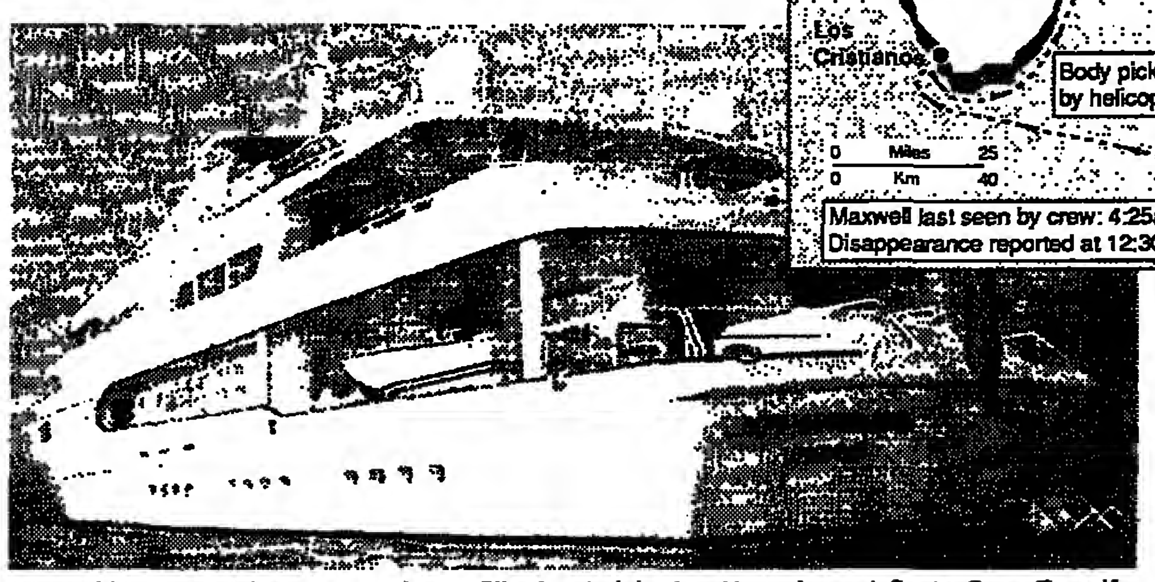
Like his brother Kevin, Mr Ian Maxwell is an Oxford University graduate and has held senior management posts in Pergamon Press – sold earlier this year to Elsevier, the Dutch publisher – in France, Germany and the US.

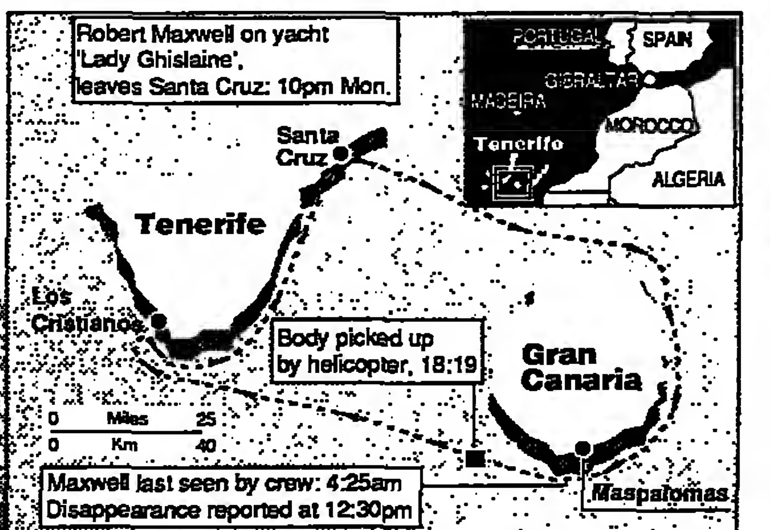
Mr Ernest Burrington, managing director of MGN and former editor of The People, said last night: "Ian has a splendid chance, not only to continue MGN but lift it up and perhaps demonstrate within a very short space of time that he is a first class publisher."

He added: "I think he will play to the strengths of his management team and if he does so, he won't go far wrong. If there is some learning to be done everyone is waiting to get behind him."

Raymond Snoddy

Spanish authorities raise questions over route of voyage





The Lady Ghislaine at Los Cristianos on Tuesday

SPANISH authorities were yesterday investigating why the yacht Lady Ghislaine took such a circuitous route on the overnight voyage from Santa Cruz in Tenerife to the southern town of Los Cristianos during which Mr Robert Maxwell fell overboard.

Mr Angus Rankin, the ship's captain, said the course was set at the orders of Mr Maxwell, who he said wanted to cruise at sea all night. But Spanish officials say they were told by Mr Rankin that the yacht would follow the most direct course to Los Cristianos.

The development added to the confusion and mystery surrounding Mr Maxwell's final journey, which began last Thursday when, without his usual retinue of aides and assistants, he flew from London to Gibraltar to join the 430-ton Lady Ghislaine as the only passenger.

The vessel arrived in Funchal, Madeira on Saturday morning, which Mr Maxwell spent sightseeing before cruising to a nearby uninhabited island for a swim.

Back on Madeira he was seen walking through the gardens of Reids Hotel in Funchal. His mood, according to those who spoke to him, was relaxed.

In the evening Mr Maxwell was refused entry to Funchal's casino when he was unable to produce identification, but he was later admitted after a bodyguard fetched his passport from the yacht.

On Sunday the Lady Ghislaine sailed for the Canary Islands, 500km south, where Mr Maxwell was seen dining alone at Santa Cruz, Tenerife, on Monday night. Upon returning to the Lady Ghislaine he reportedly ordered the captain to cruise at sea all night.

At 10pm the yacht departed for Los Cristianos in south-west Tenerife by the circuitous route which took the yacht along the northern coast of the neighbouring island of Gran Canaria.

Mr Maxwell was last seen by the crew walking on deck at about 4:25am as the Lady Ghislaine cruised off Maspalomas on Gran Canaria. His last contact with the crew was 20 minutes later, when he asked for the air conditioning in his stateroom to be turned down.

The yacht's passage across the calm stretch of the Atlantic Ocean between the two islands was uneventful, according to crew members who were yesterday interviewed by the Spanish authorities in Santa Cruz, where the Lady Ghislaine was being guarded by police.

There were reports yesterday that the authorities were concerned about the delay between the crew's discovery of Mr Maxwell's disappearance and their emergency message to the Spanish search and rescue centre.

The Lady Ghislaine dropped anchor 8km off the southern coast of Tenerife at 9:30am, according to the crew, who said the failure of Mr Maxwell to answer a wake-up call from his steward at 11am was their first indication that something was amiss.

The Spanish sea rescue centre was only informed of the emergency at 12:30pm. The six-hour search by three helicopters, an aeroplane and three ships ended at 6pm, when a fishing vessel spotted a body floating face up in the water 20 miles off Gran Canaria.

Robert Corzine

Spotlight on Goldman Sachs ties with MCC

IN THE weeks before Mr Robert Maxwell's death, top managers at Goldman Sachs, the investment house, were touring large US fund managers with the message that Maxwell Communication Corporation was undervalued.

Fund managers were advised not to wait to see what MCC would get from a disposals of its investments but instead should consider buying now, investors said. Despite this US trip, Goldman Sachs on October 31 sold 2.2m shares in MCC, reducing its stake by 0.34 percentage points to 3.71 per cent. The transaction was revealed to the market on Tuesday within the Stock Exchange's three day limit but only hours before Mr Maxwell's disappearance from his private yacht off the Canary Islands.

In August, Goldman Sachs held £143m worth of shares in MCC, representing about 7.5 per cent of the company at the then share price of 199p. In what it described as a "regrettable technical error", Goldman Sachs only revealed this stake four months after it had passed the disclosure threshold.

Throughout the early part of this year, Goldman Sachs had been a large but lonely buyer of MCC shares. In particular it bought heavily in the two weeks ahead of the May flotation of 49 per cent of Mirror Group Newspapers and despite a profits warning by MCC in April.

Goldman's buying came after Mr Maxwell's controversial sale a year ago of a 'put option' during MCC's closed period, when directors are forbidden to buy or sell shares ahead of interim results.

The other aspect of Goldman's late shareholding disclosure casts light on why the US investment house had been such an avid buyer early in the year. Of the £143m of MCC stock it held, Goldman Sachs said it was holding some £108m worth as collateral for loans to Mr Maxwell's private companies.

Coming after the furore over the put option, the profits warning, the debacle when Mr Peter Walker turned down chairmanship of the group, the rapid rise in MCC share price ahead of the flotation and the subsequent slide in the price of MCC and MGN share prices in July, news of the Goldman Sachs loans sounded yet another warning note.

Richard Gourlay

London insurance market faced with heavy claims

THE LONDON insurance market faces multi-million pound claims as a result of the death of the publisher, Mr Robert Maxwell.

Mirror Group Newspapers is believed to have bought a group personal accident policy – which insures the group's employees against permanent disablement and accidental death – providing £20m cover.

Willis Corroon, the London-based insurance and reinsurance broker, which handles MGN's insurance programme, is understood to have placed the policy among a number of syndicates at Lloyd's and companies active on the London market. Willis has not placed a "keyman" cover – which would cover MGN against any business losses arising from Mr Maxwell's death.

The extent of Mr Maxwell's own personal life assurance arrangements are unknown. Any payout from these policies would be separate from and additional to the MGN group policy.

Lloyd's syndicates may face additional claims arising from Mr Maxwell's membership of Lloyd's. A Name at Lloyd's since 1966, Mr Maxwell participated in over 30 Lloyd's syndicates, including a number exposed to very serious losses.

Brokers Holman Wade confirmed yesterday that on Mr Maxwell's behalf they had broked an estate protection plan – an insurance policy which assumes a Name's insurance liabilities after their death.

Lloyd's could not confirm the exact extent of Mr Maxwell's commitments at Lloyd's but – in line with Lloyd's rules – he could not have underwritten more than £2m.

Mr Maxwell was a member of Outhwaite 317/661 and Pulbrook 334 syndicates which made exceptionally large losses for Names in the 1982 and 1985 years respectively.

Richard Lapper

Jerusalem burial to cap links with Israel

MR ROBERT Maxwell's characteristic swathe-cutting entry into Israeli industry came only a few years ago, but the enthusiasm with which he reaffirmed his Jewish roots by taking up Israel's cause has been confirmed by the announcement that he is to be buried in Jerusalem.

Mr Yitzhak Shamir, the Israeli prime minister, described the British publisher as his friend. "God bless his memory. I knew him, especially in recent times, as a person who invested money in Israeli industry and offered to put his wide contacts in the international arena at Israel's service," he said.

Most recently, Mr Maxwell's Israeli *connections* were the subject of controversy when it was alleged in a book about Israel's nuclear programme that he had ties to Mossad, Israel's secret service. Mr Maxwell vigorously denied the charges. He was preparing to sue the author and publishers, who in turn promised more revelations.

His bulky figure was certainly a familiar sight in company with senior Israeli politicians and business people on his frequent visits to Israel. He played a matchmaking role in the recent re-establishment of ties between Israel and eastern Europe. But most attention was attached to his business interests.

Unlike many wealthy *diaspora* Jews, Mr Maxwell concentrated not on gifts, but investments intended to make money. Through Maxwell Communication Corporation, Mirror Group Newspapers and his private companies, he became one of the country's biggest foreign investors and was feted by politicians as an example to be followed by other Jewish businessmen.

On his death, his main holdings were majority stakes in Ma'ariv, one of the country's biggest daily newspapers, and Maxwell-Macmillan-Keter, a loss-making publisher. He recently sold off a 20 per cent holding in Scitex, a successful computer imaging company, raising about $250m (£145.3m) to help ease his debt problems elsewhere.

Mr Maxwell bought into Scitex, managed by Mr Shamir's son Yair, for less than $40m in 1989. He was also intending to sell off an 18 per cent stake in Teva Pharmaceuticals, like Scitex one of the stars of Israel's high-tech export sector.

Other Israeli assets also caught Mr Maxwell's roving eye. He was once on the point of buying two Jerusalem football teams run by rival political factions and merging them into Jerusalem United. He backed out when the extent of their debts became clear.

In 1989 he was beaten to the post, literally, when he was outbid for the Jerusalem Post newspaper by Mr Conrad Black's Hollinger group. The paper was an asset coveted by *a number of top Jewish businessmen*. But it was the gentile, Mr Black, who won the day with a $20m bid – about three times what Mr Maxwell offered. There were few hard feelings, however. Mr Maxwell later joined the board.

Hugh Carnegy

Bouquets and brickbats in confused business as usual

THERE WAS an eerie quiet yesterday morning along the turquoise-carpeted corridors of Macmillan's Third Avenue headquarters in Manhattan.

"Yesterday there were grim jokes and no one knew what had happened," *said one employee* of the publishing company which is one of the key parts in the US arm of the Maxwell empire. "Today no one is even asking how he fell overboard and I haven't heard Maxwell's name mentioned."

At the Daily News, Mr Robert Maxwell's New York tabloid newspaper, reporters also said it was business as usual. "People were stunned and some were very grim yesterday. Now it's back to wait and see," said one reporter.

One of Mr Maxwell's sons was named as chairman of the paper on Tuesday. "Kevin is supposed to come in on Thursday but that may change, depending on the funeral."

"We're looking forward to a fast *meeting with Kevin Maxwell*," confirmed Mr Barry Lipton of the Newspaper Guild, one of the main unions represented at the Daily News. However, he said that – as of yesterday morning – no dates had been set. Conversations with Daily News executives had taken place, but there had been no contact with the Maxwell family.

The concern of employees at the Daily News, which was acquired by Mr Maxwell last March, was principally about their jobs. Mr Maxwell was seen as a saviour of the loss-making paper, and had the good fortune to take over from the Tribune Group of Chicago, the previous owner much hated by many on the staff.

There had also been worries that Mr Maxwell would interfere with the news operations, but reporters said their worst fears were not realised. "I never once saw him in the newsroom, though he occasionally wrote an editorial."

Meanwhile, at Maxwell Macmillan, the US holding company, Ms Susan Aldridge, finance director, was fending questions as Mr David Schaffer, president and chief operating officer, headed for London.

Ms Aldridge said that she did not expect shares in Berlitz, the only Maxwell-controlled business whose main quotation is in the US, to resume trading for another day at least.

The timing of a resumption in trading, Ms Aldridge suggested, might have more to do with any news about the circumstances of Mr Maxwell's death than pressure from bankers. "If there evidence of PLO involvement . . ." she speculated, hypothesising about reasons for a continued suspension.

As far as the operating companies were concerned, she claimed that it was "business as usual, but without that final recourse", a reference to the close involvement Mr Maxwell had had with the companies. Contact with bankers, meanwhile, was said to be centred in London and Ms Aldridge claimed the biggest single US-based loan was a $125m (£72.6m) mortgage on Macmillan's New York HQ.

As to whether Mr Maxwell's death and renewed attention on the state of his finances had triggered fresh offers for parts of the empire, Ms Aldridge reported "no change".

But some potential buyers may yet watch the situation closely. Mr William Reilly, the former president of Macmillan who now runs the K-III publishing company, said that Macmillan still had some very high quality assets and that K-III would look closely at any that came on the market. *Earlier in the year, K-III made a* bid for Macmillan's Berlitz operations.

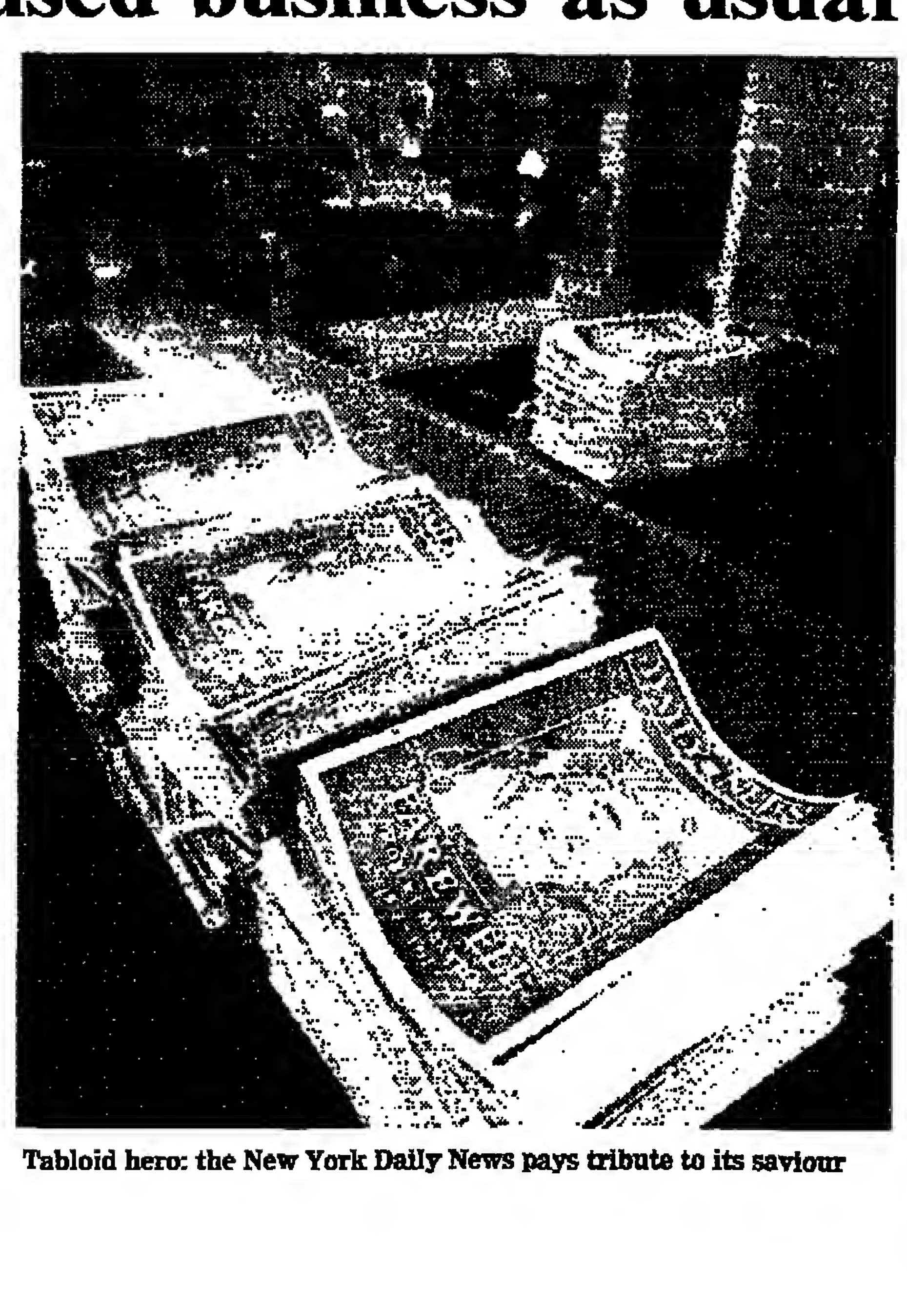
Meanwhile, the death of Mr Maxwell persuaded some US businessmen to speak candidly about their dealings with the British tycoon. "I hate to say this because he was a client of ours," said the chief executive of a Wall Street investment bank, "but in some ways the Maxwell empire may do better now that he is gone."

"His son Kevin is much easier to deal with than Bob was. He was so unreliable. He was really strange. He would call me at home and bug me a lot. He was a very difficult personality. Some of his own investment bankers were getting quite frustrated with him."

Former Macmillan executives agreed. "It would probably be easier to work with Kevin and Ian," said Mr Reilly. Among other US business tycoons who met Mr Maxwell, and are said to have found him difficult to deal with, were Mr Steve Ross, chairman of Time Warner, and Mr Larry Tisch, owner of CBS.

And it was also learned yesterday that Mr Maxwell harboured ambitions in Hollywood. The late publisher made a secret but unsuccessful bid last year to take over Orion Pictures, the small, Hollywood studio.

Nikki Tait
Karen Zagor
Alan Friedman



Tabloid hero: the New York Daily News pays tribute to its saviour

UK COMPANY NEWS

US behind Blenheim's advance to £28.3m

By Michiyo Nakamoto

THE SHARP downturn in the advertising industry failed to halt growth at Blenheim Group, the exhibitions organiser. Supported by a strong performance in the US it posted a 33 per cent rise in profits.

In the year to the end of August, pre-tax profits were £28.3m (£21.3m) on turnover up 38 per cent to £122.2m (£88.8m).

The shares rose 17p to 445p.

The eleventh consecutive year of record results were attributed by the group to its international and sectoral spread as well as the success of its consolidation strategy.

Having been entirely dependent on the UK market four years ago, turnover in the period was made up of roughly equal amounts from the UK, US and France with further smaller contributions from Germany, Switzerland and other countries.

The US provided 38 per cent of trading profits while the UK contributed 22 per cent and France 28 per cent.

The strong growth in the US, where the business is heavily weighted towards the growing information technology industry, made up for a sluggish market in the UK.

The past financial year has been one of strategic consolidation for the group, which has expanded rapidly through acquisitions over the years. The group said it had concentrated on maximising returns by eliminating less profitable activities and replicating exhibitions in different locations.

At the same time, exhibition organisers were not as adversely affected by the advertising downturn in the UK and, to a lesser extent, elsewhere. "Nothing is impervious to recession," said Mr Neville Buch, chairman. "But most people regard exhibitions as a sales tool so we found they have been very reluctant to cut back on their exhibition expenditure."

Blenheim had net debt of £23.8m at the year end but net interest of £4.8m was covered seven times by operating profits which were up 50 per cent to £33.1m (£22m).

Acquisitions during the year included Midex, the UK's leading furniture exhibition, Equitine, the world's leading equestrian show and the New York International Jewelry Shows.

Its policy of writing off goodwill acquired against reserves has left the group with negative net assets of £60m.

Earnings per share were up to 24.1p (19.4p) and a recommended final dividend of 5.5p makes a total of 7.83p (6.67p).

● COMMENT

If Blenheim has had a problem it has been that its track record has been seen to be too good to be true. Its rapid expansion based on a clearly defined strategy has won it many fans in the City but there has always been a nagging feeling that sooner or later it would slip. This year's results appear to have blown those concerns away, underlining its ability to deliver strong profits even as competitors in the media industry were being devastated by plunging advertising revenues. The only cloud on the horizon is its emphasis on information technology in the US, a market which could start to slow down in a country that is moving only slowly out of recession. Pro-forma pre-tax profits of £35m in the current year (the group is changing its year end to December) gives it a multiple of 17.2 times, which seems high enough.

Crest Nicholson slices into borrowings with £45m sales

By Andrew Taylor, Construction Correspondent

CREST Nicholson, the loss making housebuilder and commercial property developer, announced yesterday that it had raised £45m from property sales to reduce its large borrowings.

The news will relieve bankers which recently agreed to renegotiate a £205m multi-option loan facility after Crest warned that it would breach interest cover covenants for the year to end-October.

Mr John Callcutt, chief executive, said net borrowings following the property disposals had been reduced to about £55m at the end of last month. This compared with £104m at the end of April and peak borrowings of £115m.

Net debt as a proportion of shareholders funds had fallen from 82 per cent to 44 per cent.

Mr Callcutt said the developments, including some commercial land, were sold at a price over net book value after allowing for previously stated write-downs. Without those the developments would have realised a small loss.

The company has also disposed of other properties for about £8m for which it still has to receive the money. This leaves developments worth an estimated £30m still to be sold.

Crest Nicholson's shares yesterday rose 5p to 41p. This compares with a peak of 132p on March 14 this year.

The group has been hit hard by the collapse of the UK housing and commercial property markets. It incurred a pre-tax loss of £33.9m to the end of April, after making provisions of £21m against housing and property operations.

John Callcutt: turning assets into cash to cut gearing

Mr Roger Lewis, the former chief executive, resigned at the beginning of July after the group announced it would pass its interim dividend. Mr David Donne, the chairman, recently announced he would be stepping down in January after 18 years in the chair.

Mr Callcutt said the disposals would substantially reduce the pressure on the group. Housing and property markets, however, remained, tough.

"There is no sign of any recovery yet in housing. We have continued to maintain sales volume but prices have weakened further this Autumn. The best thing that we can do is ensure that we are financially strong.

"At the half year we stated that our strategy was to turn assets into cash and thereby reduce gearing. These disposals represent a significant step in this process."

Ascot seeks £55m via novel share placing

By Philip Coggan, Personal Finance Editor

THE UK stock market's current enthusiasm for investment trust shares was illustrated once again yesterday by the £55m placing and offer for Aberforth Smaller Companies Trust (Ascot).

The share issue will almost quadruple the size of the trust, which was launched in late 1990 via a £15m issue.

In recent weeks, almost £300m has been raised by investment trust offers from fund management groups M&G and Fidelity, and applications for a £30m Morgan Grenfell trust closed yesterday.

Investment trust popularity has largely been linked to the ability of UK private investors to place £6,000 of new issue shares in a Personal Equity Plan (PEP), thereby earning tax-free income and capital gains.

However, the Ascot issue is primarily institutional-based and the success of the issue may stem from the perception that small company shares are due for a re-rating, after underperforming substantially in 1989 and 1990.

Bulls believe that small company shares, being highly sensitive to interest rates and the condition of the UK economy, will benefit most from the end of the recession.

Ascot's net asset value per share has risen by 38.2 per cent since launch, compared with a 38.2 per cent rise in the extended Hoare Govett Smaller Companies Index and a 24.7 per cent rise in the FT-A All Share Index over the same period.

The size of the Ascot issue created a potential problem in that the smaller companies market is insufficiently liquid for the managers quickly to invest the proceeds in shares.

There was a risk, therefore, that if share prices rose quickly, the asset performance of the existing shares would suffer, since a substantial percentage of the enlarged trust's portfolio would be in cash.

To avoid this problem, the trust is creating a new class of "C" shares for the purpose of the current offer. The new capital raised will be kept separate from the existing portfolio, and gradually fed into small company shares. Only when 90 per cent of the new capital has been invested – or June 26, 1992 if earlier – will the "C" shares be converted into ordinary shares. Until then, the two classes of shares will have separate quotations.

According to Mr Lewis Aaron, investment trust analyst at Barclays de Zoete Wedd, this is the first time such a technique has been used.

Exactly 55m "C" shares have been placed at 100p each to raise £53.2m after expenses. Up to 13.5m "C" shares are available to be clawed back from the placing by existing shareholders, on a 3-for-4 basis.

J Bibby up 5% despite flat sales

By Andrew Bolger

J BIBBY and Sons, the industrial and agricultural group, has reported a 5 per cent increase in pre-tax profits, from £33.5m to £35.3m, in spite of flat sales in the year to September 28.

The group is controlled by Barlow Rand of South Africa. A rights issue of 11.32m ordinary shares in May reduced its stake from 86.4 to 79.2 per cent.

As well as increasing the free float of shares in the market, the issue raised £14.6m which was used to help cut group gearing from 43 per cent in March to 13.3 per cent.

Turnover fell marginally from £548.3m to £547.3m but Mr Richard Mansell-Jones, chairman, described the results as highly satisfactory, against the background of the deep recession experienced, particularly in the UK.

He said the economic decline had been more severe than expected. The diversity of the group's operations and its strong international spread of businesses had, however, proved to be of demonstrable advantage and in spite of the difficult climate, further progress had been achieved.

Earnings rose from 20.07p to 20.77p on the enlarged capital. A final dividend of 6.9p gives a total of 9.75p (9p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Anglo American Coal, Appleby Westwood, BM58, Burtonwood Brewery, East Daggafontein Mines, First Ireland Inv., Jersey Phoenix Trust, King & Shaxson, Prestwich Metals Trust, St James's Place Capital, Sims Food, Westbury, Whitbread Inv.

Finals- Fenner, Greyfriars Inv., Low (Wm).

FUTURE DATES

Interims-	
Body Shop	Nov. 12
Cater Allen	Nov. 14
Dowty	Dec. 12
Harrisons	Nov. 14
ICI	Jul. 30
Land Securities	Nov. 13
London Intl.	Nov. 21
Morris Ashby	Dec. 4
Pilkington	Dec. 5
Plaxton Intl	Nov. 8
Volex	Nov. 19
Finals-	
F & C Eurotrust	Nov. 18
Saurgo Hldgs.	Dec. 10

COMPANY NEWS IN BRIEF

AVONMORE FOODS says the rights offer was taken up as to 40.6 per cent by shareholders. Underwriters called upon to fulfil their obligations in respect of the balance.

DEWHIRST: In its recent rights issue, valid acceptances have been received in respect of 23.6m new ordinary shares (about 76.4 per cent of the 30.9m shares allotted to holders at 35p each). 0

DOMINO PRINTING has had a 98.5 per cent take-up of its rights issue, with acceptances received in respect of 5.01m new ordinary shares.

HARLAND SIMON, the process control engineering group, yesterday announced that it was in discussions to acquire Intec, a US company which makes automated inspection systems for continuous web manufacturing. Harland said that Intec, which operates in Connecticut and Belgium, had an annual turnover of about $10m (£5.6m). The purchase price, which would be well within its resources, would be on a capped earn-out basis. A further announcement would be made as soon as possible.

MEGGITT rights issue taken up in respect of 96.8 per cent of the shares.

British Rayophane halved to £305,000

Pre-tax profits of British Rayophane, the packaging film manufacturer, were more than halved – from £657,000 to £305,000 – in the six months to end-June.

The result was struck on turnover down from £39.8m to £26.3m and after an increased interest charge of £1.38m (£1.29m).

On December 31 1990 the company sold UCB Pakcel, UCB T&R Graham and UCB Design and bought the 51 per cent of Sidex it did not already own. For this reason, the directors said, the 1990 figures were not strictly comparable.

Dares near to deal with banks

By Vanessa Houlder, Property Correspondent

DARES ESTATES, a property company with debts of £80m, has been forced to defer publication of its interim report "pending finalisation of the restructuring of its banking facilities".

Mr Brian Tomlinson, managing director, explained the delay was due to "the perennial problem of closing deals and sorting out documentation". A deal with the group's seven banks was very close, he said.

The interim report was expected to be released no later than November 29. The share price closed at 2¼p, down ¼p.

Dares announced in June that it was in talks with its bankers, following the breach of banking covenants and the announcement of a £34.9m retained loss for 1990. Those accounts were audited on a going-concern basis, assuming further property sales would be achieved and bankers would "amend, extend and increase their facilities".

Mr Ervin Landau, chairman, blamed the group's problems on the "progressive effect of high gearing being exacerbated by falling values leading to sales at depressed prices to support cash flow".

The group first signalled its difficulties in February, when it said it would not pay a dividend on its preference shares.

UK COMPANY NEWS

Bellway 16% fall to £9.3m beats rights issue forecast

By Peggy Hollinger

PRE-TAX profit at Bellway, the Tyneside-based housebuilder, declined by 16 per cent - less than expected in May at the time of the rights - to £9.31m in the year to July 31.

However, stripping out last year's exceptional charges of £7.14m on the group's land bank in the south of England, profit after interest plunged by 49 per cent on turnover down 14 per cent to £108.2m.

Mr Alan Robson, finance director, said the group sold 1,500 houses during the year, compared with 1,700 in the 1989-90 year.

He said sales in the current year were running 20 per cent ahead of 1991.

"We are very pleased with the results," he said. Margins had increased in the second half, compared with the first, although they were still down on the previous year.

This was partly because of the fact that sites purchased at *lower prices were* now coming on stream, he said.

The group's land bank stood at more than 6,000 plots, compared with 5,500 last time. The £25m 5-for-11 rights issue in March had boosted cash balances to £35m. Interest receivable was £931,000, compared with a £32,000 charge.

Since the year-end, land purchases had depleted cash by £15m. The group remained ungeared.

"We have got a very strong balance sheet and, as we promised, we are building our land bank," Mr Robson said. "We are poised to be a front-runner when the market revives."

Sales in the north of England were running more than 9 per cent ahead of last year, although the south had suffered a 32 per cent decline. Mr Robson said the group aimed to expand in the south while prices were depressed.

Earnings per share fell by 5.6p to 13.8p.

The final dividend was maintained at a proposed 7p, making a total of 11p. The retained profit was £535,000 (£2.44m).

● COMMENT

It may sound perverse, but Bellway's shareholders should be keeping their fingers crossed for the recession to last a little longer. The group's strong balance sheet gives it every opportunity to buy land at the bottom of the market - and that is precisely what it is doing. The one question appears to be the southern market. For long-term success, in or out of recession, Bellway has to penetrate the south. Forecasts for 1992 are holding pretty steady at about £11m, with a prospective p/e of 15. The following year looks better, with profits expected to reach at least £13m and the p/e coming down to 12.5. A good recovery stock.

Ocean Wilsons jumps to £4.8m

OCEAN WILSONS, the overseas trading group with a spread portfolio of investment interests including an extensive shipping services network in Brazil, made a pre-tax profit *of £4.78m in the first half of* 1991, compared with £237,000.

From turnover of £40.6m (£40.9m) the operating profit moved up to £3.52m (£2.1m). The profit was also helped by the lessening impact of the Collar plan, and earlier profits remittance in 1991 which lessened the impact of the mone*tary correction - that fell* from £4.32m to £1.33m.

The Brazilian subsidiaries continued to trade profitably although the sterling value of profits earned will depend on the rate of exchange at the year-end.

After tax, earnings per share came to 5.69p (losses 1.01p). *The interim dividend is raised* from 0.5p to 0.75p to reduce the disparity with the final - 2.25p last time.

Unilever packaging side sold for £268m

By Andrew Bolger

UNILEVER, the Anglo-Dutch consumer products combine, yesterday announced the sale of 4P Group, its German and French packaging arm, to Royal Packaging Industries Van Leer of Holland, the international packaging group, in a deal worth £268m.

The sale of 4P Group, first flagged in February, marks Unilever's exit from packaging and is part of its strategy of concentrating on its main consumer products, speciality chemicals and agricultural businesses.

As well as paying Unilever a cash consideration of £186m, Van Leer will assume £82m of debt on the 4P's balance sheet, mainly pension provisions. Last year 4P made pre-tax profits of £24m on sales of £350m.

4P produces folding cartons, flexible packaging, tubs, lids and plastic films.

Van Leer sees the acquisition as an important step towards making it more orientated towards consumer packaging.

Hartlepools Water profits rise by 50%

In the half year to September 30, Hartlepools Water saw its pre-tax profit expand by 50 per cent, from £460,000 to £690,000.

The directors said the second half was expected to be satisfactory, although a similar rise to that reported was unlikely.

Metered consumption was down and it seemed likely the recession might have a long term effect on industrial consumption.

Turnover in the first half rose to £2.52m (£2.32m). Earnings per share came through at 66p (40p) and the interim dividend is stepped up 1p to 21p.

£12.8m purchase by Leigh Interests

Leigh Interests, the waste disposal group, is expanding its mineral and landfill reserves in the Midlands through the acquisition of Ideal Aggregates for nearly £12.8m.

Ideal owns or leases mineral reserves estimated to be 6m tons of aggregates, and the consented land void is some 10m cubic metres.

Consideration will be satisfied on completion on April 6, and consists of £4.79m cash plus convertible loan notes 2002 with a par value of £8m.

The notes carry zero interest for four years and interest at Midland Bank rate, less 1 per cent, for the other six. They are convertible any time between the third and fourth anniversary of completion at a price of £4.27 for every Leigh ordinary share.

British-Borneo shares suspended

Shares in British-Borneo Petroleum, the oil and gas explorer, were suspended at 228p yesterday when the company said it would announce a substantial acquisition by tomorrow.

Analysts believe the company is looking to acquire oil exploration assets in North America where it has built a strong presence in the Gulf of Mexico. The cost of the acreage could be as high as £50m.

British-Borneo has a couple of exploration blocks in the UK, mainly in the southern gas basin, but the bulk of its activities are concentrated in the US. It made a profit of £1.4m in the first half of the year, up from the corresponding £475,000.

Steel Burrill acquisition

Steel Burrill Jones, the insurance and reinsurance broker, yesterday announced the acquisition of the business of Cameron Rose (Insurance Brokers).

Mr Hugh Cameron Rose, Cameron Rose's only employee, has recently operated in association with another SBJ subsidiary, SBJ Stephenson.

The acquisition strengthens Stephenson's involvement in the professional indemnity field.

Losses in Germany force Vivat to cut casualwear activities

By Peggy Hollinger

HEAVY losses at a German subsidiary have forced Vivat Holdings, the Lee Cooper jeans manufacturer, to pull out of the fashion casualwear business.

Mr Christopher Burnett, who became chairman a little more than four weeks ago, said that the group would no longer advance funds to the Marshal casualwear business which incurred losses of £1m in the first half of 1991. As a result, its subsidiary, Otto Albert Bekleidungswerk, was expected to go into receivership.

Mr Burnett said Vivat would honour all debts arising from Marshal up to yesterday. Vivat was withdrawing its bank guarantees as of today. Vivat's debt is expected to increase by about £3m. Before the announcement, gearing stood at 50 per cent.

The chairman also warned that extraordinary charges of at least £5m could be expected in the current year.

Early last month, the then-chairman Mr Michael Cooper warned that prospects for the Marshal business were not encouraging. Yesterday Mr Burnett said the problems stemmed from sourcing difficulties - much of Marshal's clothing is supplied through eastern Europe - and the local management.

"It would have taken too much time to wind the company down and the quality of the management was not strong enough to do that," he said. "Also, if we did that, the losses would have mounted up."

He added that Marshal would have incurred a further £1m loss in the second half if it had been allowed to continue.

Vivat, which returned to the black in 1990 following two years of losses, now planned to concentrate on its core jeans business. The group would retain a presence in Germany through Lee Cooper, Mr Burnett said, and would continue to expand in Europe through this business.

Mr Burnett denied there had been any pressure from Wing Tai, the Singapore clothing company, to take action on the German subsidiary.

Dissident holders call second Aberfoyle EGM

By Joel Kibazo

A NEW round has began in the battle for control of Aberfoyle Holdings, the agriculture, textiles, security products and services group operating in Zimbabwe and listed in London.

Aggrieved shareholders claiming to represent about 44 per cent of the company have requisitioned a second extraordinary general meeting, with the aim of removing most of the board.

The dissidents lost all nine resolutions to remove the board at an EGM two weeks ago, but claim they were defeated on a technicality when a shareholder's proxy vote, that of Framlington which holds a stake of about 7 per cent, arrived 35 minutes too late to be valid.

Mr Barry Trowbridge, the dissidents' candidate for managing director, said yesterday: "We won a moral victory and we feel we will succeed this time as we have right on our side. The sooner we conclude this the better."

The aggrieved group includes Crescent Africa, a private company with a 26 per cent stake.

The dissidents claim Aberfoyle has failed to make progress with its biggest project, the Z$86m (£9.8m) Mwenezi development in Zimbabwe to produce palm oil.

They also complain of non-payment of dividends and a lack of a clear financial strategy.

The company was unavailable for comment yesterday, but Mr Ian Coates, chairman, said after last week's annual meeting that the company, which is currently dependent on funds provided by himself, would soon start refinancing talks. The dissidents claim to have secured funds to run the company.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Bellway	fin	7†	Jan 24	7	11	11
Bibby (J)	fin	6.9†	Jan 9	6.25	9.75	9
Blenheim Gp	fin	5.5†	Jan 31	4.67*	7.83*	6.67*
H'tlepools Water	int	21	Jan 1	20	-	43
Ocean Wilsons	int	0.75‡‡	Dec 6	0.5	-	2.75
Sainsbury (J)	int	2.4†‡	Jan 20	2.1	-	7.35

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Carries scrip option. ‡‡Increased to reduce disparity.

PUBLIC WORKS LOAN BOARD RATES
Effective November 6

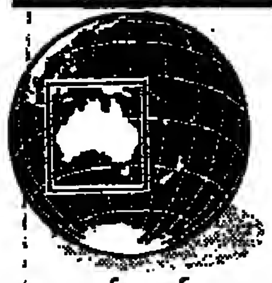
Years	Quota loans* EP†	A††	maturity§
1			10⅛
Over 1 up to 2	10¼	10¼	10⅜
Over 2 up to 3	10⅜	10⅜	10⅜
Over 3 up to 4	10⅜	10⅜	10⅜
Over 4 up to 5	10⅜	10⅜	10⅜
Over 5 up to 6	10⅜	10⅜	10½
Over 6 up to 7	10⅜	10⅜	10½
Over 7 up to 8	10⅜	10⅜	10⅝
Over 8 up to 9	10⅜	10½	10¾
Over 9 up to 10	10½	10⅝	10¾
Over 10 up to 15	10⅝	10¾	10¾
Over 15 up to 25	10⅞	10¾	10¾
Over 25	10¾	10¾	10¾

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. ††Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

FINANCIAL TIMES SURVEY

AUSTRALIA

Thursday November 7 1991



The prime minister and state political leaders meet this month to pave the way for far-reaching constitutional changes. Yet the groundwork is being laid as Australia tackles its greatest economic and social upheaval since federation in 1901. **Kevin Brown** investigates

Nation in a state of flux

Bridge over troubled waters: Sydney Harbour bridge, symbol of all that is Australian – but what does that mean in the 1990s?

LATER THIS month, Mr Bob Hawke, the prime minister, will meet state and territory leaders to lay the groundwork for constitutional changes which will transform relations between the two branches of government. The conference is long overdue.

Few political leaders believe the constitution provides an appropriate balance of powers for the 1990s. Yet the meeting would probably never have taken place if Australia was not in the throes of its greatest economic and social upheaval since the six former British colonies federated in 1901.

Australia is in a state of flux, beset on every side by a flood of economic, social and constitutional reforms which are changing the face of what was once one of the most isolationist and protected societies in the world. The process is less exciting and less painful than the emergence of eastern Europe and parts of Asia from half a century of communism, but it is significant to Australia and its trading partners.

The catalyst for change has been the federal Labor government headed by Mr Hawke, which was elected in 1983 and has since been re-elected three times. After eight hectic years in power, the government looks tired, especially at the top. It is riven by internal opposition to Mr Hawke, and is widely expected to be turfed out of office at the next election in 14 months' time. But the government's main achievement has been to force Australians to take the need for change seriously, or face sinking into a quagmire of protectionism and inefficiency similar to Latin America.

As a result, the reforms it has put in place will endure, and will almost certainly be extended by the next government. Like many other countries which have embarked on the process of change, Australia has nowhere else to go.

That is the message which will be delivered by Mr Hawke to the special constitutional conference later this month. The agenda is secret, but it will include a reallocation of tax raising powers to the states in return for harmonisation of regulations on goods and services. The effect will be to create for the first time a single Australian market in which products can be freely made in one state and sold in another, and professionals such as lawyers and teachers can move between states without requalifying.

Some restrictions will remain, leaving Australia less unified than the post-1992 European Community, but a large step forward will have been taken.

Change has been a long time coming to Australia, perhaps because the colonial inheritance of white immigration, tariff protection and centralised wage bargaining produced a prosperous and self-confident society which saw no need for it.

The formula worked well when demand for Australia's commodity exports was strong, and prices were high. But like other commodity producers, Australia was hurt by a long-term decline in prices which reduced its ability to finance protection for cossetted industries. At the same time, the white Australia policy became increasingly untenable as the country's leaders were forced by British economic decline to look for protection first to the US, and then to collective security within the Asia Pacific region.

Isolationism may have been good while it lasted, but it left the country with an inflexible labour market, high cost and inefficient industries and a reputation for racism.

All that has begun to change over the last few years as Australia has steadily opened itself to international pressures in a conscious attempt to redefine its place in an increasingly interdependent world. Since 1983, the financial system has been largely deregulated, foreign investment rules have been gradually relaxed to the point where approval for most projects is automatic, restrictions on capital movements have been abandoned, the currency has been floated, and protective tariffs are being phased out.

The government is also midway through a programme of structural economic reform, which is intended to increase the competitiveness of exporting industries by cutting the cost of transport and services, a crucial component of costs for Australia's geographically isolated producers.

Aviation has been deregulated, leading to big cuts in fares for many travellers, and telecommunications will be liberalised next year. This follows the sale to the private sector of the loss-making Aussat satellite operator. In the transport sector, the reform programme has achieved significant reductions in the cost of shipping and dockside freight handling, but has been less successful in reforming the inefficient railway system, largely because of opposition from vested interests in the states.

A key element in the reform process has been the need to come to terms with geography by recognising that Australia has no future as a transplanted outpost of Europe in the Asia Pacific region. Internally, the evidence of Australia's changed view of itself lies in the increasing numbers of Asian faces in the main cities (although Australia is far from becoming a Eurasian society: even in 20 years' time, Asians will form only an estimated 7 per cent of the population). Externally, the evidence lies in Australia's increasing preoccupation with its relationship with Asia through initiatives such as the Cambodian peace talks and the Asia Pacific Economic Co-operation (Apec) group. The relationship is often prickly, partly because of Australia's historical baggage, but shows signs of maturing as Australian diplomats learn more about the region and its sensitivities.

Mr Hawke's government did not begin the process of social change, which can be dated to the formal abandonment of discriminatory immigration policies in the 1960s. Nor did it initiate economic reform, which began with financial changes implemented by the last conservative government. But the Hawke administration has achieved a quantum change in the pace and scope of reform, giving substance to the prime minister's claim that it has implemented more change in eight years than previous governments managed in eight decades.

Few of the changes have been easy, and the government has yet to develop a coherent policy in some areas, such as the balance between promoting economic growth and protecting the environment. For example, some cabinet ministers privately admit that the prime minister's decision to block a proposed gold mine at Coronation Hill, in the Northern Territory's Kakadu national park, was a disastrous signal to the mining industry.

Mrs Ros Kelly, environment minister, says the government is pro-growth and determined to find a way of reconciling development with environmental protection, but mining companies remain sceptical.

There are plenty of critics of the speed and scope of the government's programme, including sociologists worried about its effect on previously protected sections of society, and business leaders concerned that reform is being implemented too slowly.

For example, Mr Brian Loton, president of the Business Council and the country's senior industrialist, acknowledged recently that Australia was "in the early stages of a major transformation," but warned that reform "has not lived up to its promise" because of the government's willingness to appease minority pressure groups.

Nevertheless, the government has made significant progress, and has avoided being knocked off course by an 18-month recession from which the economy is slowly emerging. The pain of the last eight years has ensured that Australia will not sink into a Latin American nightmare.

IN THIS SURVEY

Editorial production: Phillip Halliday

■ECONOMY: 'the recession we had to have'

Treasury notes some gain from the recessionary pain

JOHN KERIN, federal treasurer, expressed the feelings of many Australians when he told international bankers recently that the country was experiencing the worst recession since the war.

Mr Kerin later withdrew the remark, prompted both by the howls of glee from the opposition Liberal/National party coalition and the statisticians' view that the downturn is less severe than in 1952-53. But his speech reflected the pain suffered over the last year as a result of what Mr Paul Keating, *the former* treasurer, once unwisely referred to as "the recession we had to have."

Mr Keating engineered the recession by raising official *interest rates to 18 per cent in* January last year to cool a rise in demand which pushed the current account deficit to A$21bn – equal to 5.7 per cent of gross domestic product.

The government was concerned about net foreign debt, which increased from A$23.3bn, equal to 13.7 per cent of GDP when Labor came to office in 1983, to A$122.7bn, equal to 33.3 per cent of GDP, at the end of 1989-90.

Only about A$14bn of the debt was attributable to the federal and state governments, but the Treasury, in common with many other economists, *took the view that the rapid*

No one could say the government failed to slow the economy, but interest rates were too high for too long

rate of increase could eventually lead to a repayment crisis if no action was taken. No one could accuse the government of failing to slow the economy, but it now seems Mr Keating raised interest rates too high, for too long.

The result was a contraction of 2.4 per cent in real GDP in the year to end-June, combined with rapid growth in business failures and unemployment, *which is now at an eight-year* high of 10.2 per cent.

The depth of the recession has caused political problems for the government, and *increased the chances of a victory* by the opposition coalition at the next election in 1993.

It has cast doubt on the government's commitment to fiscal conservatism by eliminating the budget surplus built up over six years. The surplus, which peaked in 1989-90 at just over A$8bn, equivalent to 2.2 per cent of GDP, fell to 0.5 per cent of GDP last year, and Mr Kerin is forecasting a deficit of A$4.7bn, equivalent to 1.2 per cent of GDP, for the current year.

However, the markets appear to have accepted the government's assertion that the budget will return to surplus when economic recovery lifts tax revenues and cuts social security outlays.

More importantly, the government *has been able* to point to two large gains from the recession which may yet make the exercise worthwhile, if they can be sustained.

● Inflation, which averaged 8 per cent in 1989-90, fell to an annualised rate of 3.4 per cent in the three months to the end of June, and is likely to fall below 2 per cent before the end of the year – well below average inflation among Australia's OECD trading partners.

● The current account deficit fell to A$15.7bn in 1990-91, and the Treasury is forecasting a further reduction to A$14bn in the current year – equivalent *to about 3.5 per cent of GDP.*

The lower deficit will help to slow the growth in net foreign debt, which stood at A$131bn in June, equal to 34.6 per cent of GDP, but is likely to begin to fall soon, according to a recent report by *Moody's, the* US credit rating agency.

Most leading indicators suggest that Australia is slowly emerging from the recession, partly in response to an easing of 8.5 percentage points in official interest rates.

However, the important question facing Australian policy makers is whether the gains which have flowed from the pain of the last 12 to 18 months can be maintained.

The difficulty facing Mr Kerin is whether to give in to pressure from the trade unions and parts of the business community for a further easing in *monetary policy to reign in* unemployment.

Mr Kerin is keen to avoid a pro-cyclical easing which could trigger another spree, but the pressure for action will grow as the unemployment rate climbs towards 11 per cent and the election date approaches.

Most economists say inflation is likely to remain below 5 per cent next year, in spite of the dangers of an inflationary wage push as the economy recovers. The government's accord with the trade unions, which trades tax cuts for wage restraint, will help by holding down real wages.

Locking in the gains on the current account deficit will be more difficult. Exports have held up well throughout the recession, and the balance of goods and services is likely to *be in surplus this year for the* first time since 1979-80.

However, Australia remains vulnerable to long-term decline in prices for its commodity exports, in spite of an increase in manufacturing exports from 18.5 to 35.5 per cent of the total over the last five years.

There is a danger that imports, which have been squeezed by the recession, will pick up again when the economy recovers. "Maintaining the trade account close to balance after 1991-92 will be difficult, and will require a strong push towards competitiveness in the Australian economy, together with a greater contribution of domestic savings towards the financing of investment," says Dr Chris Caton, chief economist at Bankers Trust.

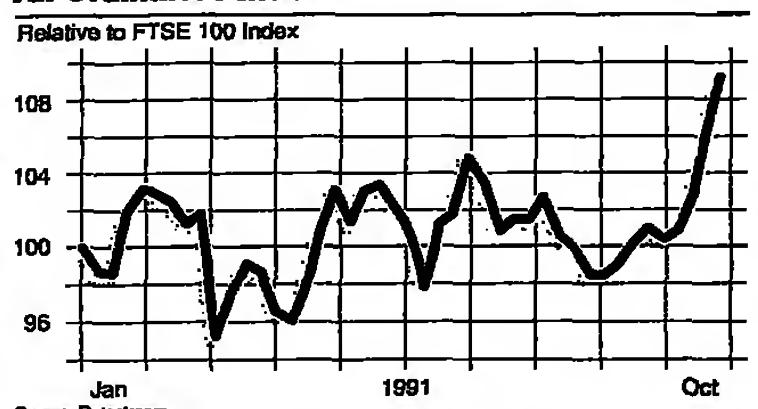
In the long term, the current account problem should be ameliorated by government moves to increase productivity and competitiveness through a programme of structural economic reform which is slowly opening the economy to international pressures.

In the short term, the only way for the government to prevent a renewed balance of payments crisis may be to keep demand sedated. That would help explain Mr Kerin's reluctance to ease monetary policy further, and could imply that Australia's pain will continue *for a while yet.*

Kevin Brown

All Ordinaries Index

Relative to FTSE 100 Index



Source: Datastream

Paul Keating: engineered the recession to cool demand

Growth of GDP by leading components (average annual % change)

	1976-80 Actual	1981-85 Actual	1986-90 Actual	1991-2001 Pessimistic	1991-2001 Moderate	1991-2001 Optimistic
Consumption	2.7	3.1	3.3	0.8	2.1	2.7
Investment	4.7	4.2	6.5	3.0	3.7	4.5
Government	2.2	3.3	1.8	2.1	3.2	4.0
Exports	5.3	3.7	5.8	4.2	5.3	6.1
Imports	1.8	6.6	7.2	1.8	2.6	3.0
GNE	2.2	3.4	4.0	1.6	2.7	3.3
GDP	2.7	2.9	3.7	2.1	3.2	4.0
Employment	1.1	1.2	3.6	1.6	1.6	1.8

Source: Employment Department

■ECONOMIC REFORM

Hurdling the tariff barriers

STRUCTURAL REFORM of the economy, known in Australia as micro-economic reform, has become the centrepiece of Mr Bob Hawke's fourth Labor administration, elected in March last year. The reasons are not hard to identify.

Decades of protectionism have left much of Australian industry uncompetitive. The *exceptions are mining and* farming, which are forced to match international best practice because of their dependence on overseas customers.

As a result, rapid economic growth in the 1980s pushed up imports faster than exports, leading to an increase in the current account deficit to 5.7 per cent.

Reversing this trend will require a sustained reduction in consumption to lift savings and investment. But it will also depend on a shift of resources to exporting and import-replacing industries.

Structural reform will therefore have to deliver lower costs for exporters, together with higher productivity in manufacturing to encourage investment in value-added activities *such as processing of food and* minerals.

This process is under way, partly as a result of government initiatives such as the steel industry plan, which helped Broken Hill Proprietary (BHP) re-establish itself as a competitive steel producer.

In other sectors, such as computers and computer-related equipment, informal government pressure has been effective in shifting corporate horizons towards building a market for exports.

However, the key to achieving higher productivity is the government's plan to cut the average tariff to about 5 per cent by the end of the century, compared to more than 20 per cent when it came to office in 1983. The exceptions are the *car industry and the clothing,* textiles and footwear sector, which will retain tariffs of 15 and 25 per cent respectively – compared with up to 100 per cent eight years ago.

The government is taking a direct role in improving productivity in industries in which it plays a leading part as owner or regulator. So far, the results have been mixed.

☐ Domestic aviation was deregulated in October last year, leading to the launch of a new airline and a discounting war which cut costs for leisure travellers. The government is selling 100 per cent of Australian *Airlines and 49 per cent of* Qantas, the international airline. Deregulation is likely to make the industry more efficient, and will help hold down fares, but so far there has been little impact on business costs.

☐ Telecommunications is being deregulated through the sale of the loss-making Aussat satellite company to a consortium which will be licensed to compete with Australia Telecom, the government-owned carrier. *The sale will eventually give* Australia the world's most open market.

☐ Shipping is significantly more productive following a government-sponsored restructuring which has cut manning on Australian ships from more than 30 to less than 21. However, the impact on business has been patchy because of the small size of the fleet and the tendency for freight costs to be set internationally. The government is close to achieving limited reform in the docks, where handling rates are rising towards average world levels, although costs remain higher than in competing countries.

☐ Railway reform could increase GDP by about A$5bn a year, according to a recent report from the Industry Commission, a government advisory body. However, reform would require the states to give up control over freight traffic, make thousands of rail*way workers redundant, and* raise passenger fares to eliminate losses. The states have agreed in principle to set up a national rail freight corporation, but are still squabbling over the details.

☐ Industrial relations is both the most valuable and the most difficult area of reform. The government's strategy is to loosen the confusing and overlapping systems of centralised bargaining, overseen by state and federal tribunals, and to encourage productivity gains through company-level bargaining. Such a decentralisation could help dampen pent-up demand for wage increases as the economy moves out of recession.

The government has suc*ceeded in breaking down many* restrictive practices, and in promoting rationalisation of the union movement, but further change is being held up by *the federal Industrial Relations* Commission, the main labour tribunal, which is considering what its future role should be.

In the meantime, Senator Peter Cook, the industrial relations minister, has indicated the government will legislate to achieve decentralisation. Business critics say the process is too timid and too slow, and the opposition Liberal/National party coalition *says it* will abolish the centralised sys*tem if it wins the next federal* election in 1993.

The potential impact of structural reform on productivity is significant. The Employment Department forecasts that annual growth in output over the next decade under its base case assumptions, which include tariff reform, will be about the same as in the 1971-86 period (see industrial output table).

However, the department forecasts a shift in output growth away from non-traded services such as finance, utilities and community services towards export industries such *as agriculture, manufacturing* and transport.

The forecast impact on the contribution of exports and imports to GDP growth is shown in the accompanying GDP table. The most likely outcome is considered to be the moderate scenario, in which export growth averages 5.3 per cent a year, and import growth is cut to 2.6 per cent from 7.2 per cent in the 1980s.

That would stabilise the current account deficit at 3 per cent of GDP by 2001, in line with Australia's historical position as a moderate importer of capital.

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Industry Output (% annual change 1991-2001)

	1971-86	Base case*	Micro reform	Total
Agriculture	0.14	3.3	-0.1	3.2
Mining	9.96	3.9	0.5	4.5
Manufacturing	1.50	3.5	0.2	3.7
Elec, gas & water	4.70	3.3	0.3	3.5
Construction	1.46	3.4	0.7	4.1
Wholesale, retail	1.65	2.3	0.2	2.6
Transport	2.98	3.4	0.4	3.8
Communication	2.09	2.4	1.0	3.4
Finance	5.84	2.5	0.3	2.8
Public administration	1.88	3.0	0.1	3.1
Community services	7.05	2.8	0.1	2.7
Recreation	2.04	1.4	0.5	1.9
Total	2.95	2.9	0.3	3.2

*Includes tariff reform

Source: Employment Department

■CORRUPTION: Rum Corps legacy persists at federal level

Tall poppies are exposed

OFFICIAL CORRUPTION has been a problem in Australia since the early years of the British penal colony in New South Wales, when the local militia was known as the Rum Corps because of its bootlegging activities.

However, the federal government has been virtually free of financial scandals since the six former British colonies federated as an independent nation in 1901. But the legacy of the Rum Corps persists at state government level, partly *because the constitution allo*cates to the states control over profitable activities such as land development and liquor licensing.

For most of the 90 years since federation, Australians have been amused, shocked and horrified as Nemesis has caught up with a series of eminent public figures people known locally as tall poppies.

The best recent example was Mr Rex Jackson, police minister in the last Labor government in New South Wales, who was jailed for taking bribes to release prisoners. There have been plenty of others, notably in Queensland, where the excesses of some members of the National party, which had been in government for 19 years headed by Sir Joh Bjelke-Petersen, eventually triggered a Royal Commission of inquiry.

The commission, headed by Mr Tony Fitzgerald, QC, led to the ousting of Sir Joh by his own parliamentary party, and later to the election of the first state Labor government for two decades.

*According to Mr Doug Drum*mond, the state's special prosecutor, corruption-related charges have been filed against more than 200 people, of whom more than 90 have so far been found guilty. The charges involve offences from brothel-keeping and illegal bookmaking to bribe-taking by ministers and officials.

A former police commissioner and several cabinet ministers and businessmen are serving prison sentences. Corruption charges against Sir Joh were dropped on the first day of his trial in Brisbane last month. The jury failed to agree on a charge of perjury to the Royal Commission. On October 31, the Queensland government announced that Sir Joh will *not be retried for perjury.*

The Fitzgerald inquiry was a traumatic experience for Queensland. But it reflected increasing public anger over official corruption which has led to inquiries or tough action in most states. The most exciting events have been in Western Australia, where a Royal Commission is investigating close links between the state government and local businessmen.

The hearings have exposed a web of deals involving Labor governments headed by Mr Brian Burke and Mr Peter Dowding which the state opposition claims may have cost the taxpayers more than A$1bn. The commission is expected to report next year. However, Mr Burke, who denies any impropriety, resigned as Australia's ambassador to Ireland and the Vatican shortly after beginning evidence earlier this year.

In New South Wales, the two main political groupings have given bipartisan support to an Independent Commission Against Corruption (ICAC), headed by a QC, with wide powers of investigation and prosecution. ICAC has exposed several corrupt practices, including the sale of driving licences by examiners, and the sale of confidential government information to private detectives working for banks and insurance companies.

The NSW government has asked the federal government to mount a joint investigation into the murder of Mr Colin Winchester, deputy commissioner of the federal police, the biggest unsolved mystery of recent times. Mr John Hatton, the Independent NSW MP who has led the fight for an inquiry, says the murder may have been linked to the involvement *of federal and NSW police in* large scale marijuana trading.

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Labor's Brian Burke: (left) denies any impropriety. Sir Joh Bjelke-Petersen will not be retried for perjury

■POLITICS: government enters a period of uncertainty

Hawke eyes the takeover script written by Keating

AFTER A decade in which the Labor party has dominated politics at all levels, Australia is entering a period of uncertainty which could lead to changes of government at both state and federal level.

The federal Labor government, which came to power in 1983, has not recovered from an unsuccessful attempt in June to unseat Mr Bob Hawke, the prime minister.

Mr Paul Keating, who had been finance minister throughout the government's period in office, mounted the challenge in spite of indications that he would lose. In the event, Mr Hawke held on by a majority of 66 votes to 44 in the parliamentary Labor party, and Mr Keating departed to the back benches, predicting that the government would fall apart without him.

So far, the party has failed to follow Mr Keating's script, but it has frequently appeared to be paralysed by leadership tensions, and Mr Hawke has sometimes looked like a leader who has lost control. He has been saved by the opinion polls, in which he rates above Mr Keating as preferred prime minister, and by the unwillingness of Dr John Hewson, leader of the conservative Liberal/National party opposition, to exploit Labor's divisions.

Like other conservative leaders, Dr Hewson would rather fight the next election against Mr Hawke,

John Dawkins: coded appeal for more dynamic leadership

who he believes has run out of ideas after 30 years in public life. Most ministers say Mr Keating is now unlikely to mount a second challenge unless the prime minister makes a serious error of judgment on an important policy issue.

However, Mr Keating retains significant support from important members of the cabinet, including Senator Graham Richardson, social security minister, and Mr John Dawkins, the employment minister. Neither will discuss Mr Keating's chances of success, but both have made coded appeals for more dynamic leadership which serve to keep the battle in the public eye.

Mr Keating has stoked the speculation by calling for an easing of monetary policy to create jobs, and by implicitly criticising the economic policies of Mr John Kerin, his successor as finance minister. In a recent speech, he warned explicitly of the grave danger to Australia's ability to control the national economy posed by plans to transfer tax raising powers to the states.

Mr Keating was careful not to accuse the prime minister of acting against the national interest, but the speech had the effect of undermining a reform programme in which Mr Hawke had invested a great deal of personal political capital. Much could depend on the strength of economic recovery from the recession which has pushed unemployment to an eight-year high of 10.2 per cent.

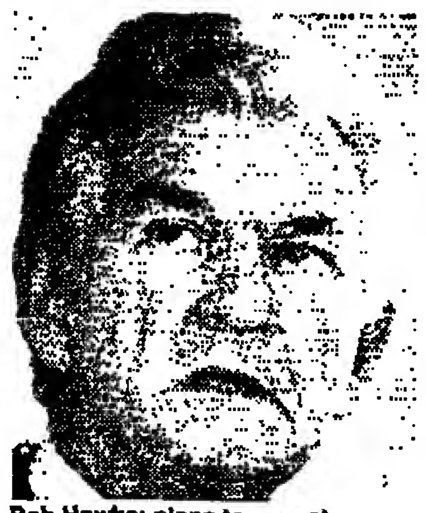
Leaked government forecasts suggest the dole queues will peak at 11 per cent of the workforce, and will still be above 10 per cent at the next election, which must be held by March 1993. Many observers doubt that Labor could win an election with unemployment in double figures, even if the economy was recovering. But the impact of continued high unemployment on the leadership is unclear since Mr Keating might not want to take the job if the party was doomed to defeat.

After trailing the opposition coalition by 15 percentage points in the Morgan Gallup opinion poll earlier this year, Labor narrowed the gap to seven points in the most recent poll. However, while the improvement will help Mr Hawke, it was largely caused by an increase in support for the left-wing Australian Democrats, a third party grouping which holds a handful of seats in the federal Senate.

The increase in support for the Democrats could be bad news for Labor if it reflects a fall in the government's popularity among Green voters, who are credited with putting Labor back into office in 1990. Green groups have been critical of Labor's attempts to balance concern for the environment with Australia's need to promote exports from mining and timber sectors.

Some Green groups have considered forming a political party to contest the next election, while others have suggested an alliance with the Democrats. At the same time, the conservative coalition has appeared significantly better organised since Dr Hewson replaced Mr Andrew Peacock, the former leader, after the last election.

However, the coalition has upset some supporters by proposing a wide-ranging tax reform package, including a goods and services tax (GST) along the lines of the European Community's system of Value



Bob Hawke: plans to unseat him in June failed

Added Tax. Dr Hewson says the tax reform package will enhance saving and tax the black economy. He also promises cuts in direct taxes to offset the increase in consumer prices, and points out that Australia is one of the few OECD countries which does not have a GST.

The coalition leadership believes the debate on tax reform which has been generated by its proposals will embarrass the government, which attempted to introduce a similar tax in 1985, but backed down after opposition from within the Labor Party.

Ministers believe they can rebut that argument by pointing to a broadening of the tax base which has taken place over the last six years. Some say they are looking forward to pointing out anomalies in the GST proposals, such as the possibility that the price of luxury cars would fall while the cost of houses for first time buyers would rise. The uncertainty at federal level is reflected in the states, where Labor governments in Victoria, Tasmania, Western Australia and South Australia are all facing problems, mostly as a result of financial mismanagement.

In New South Wales, Australia's richest and most populous state, the Liberal/National Party government headed by Mr Nick Greiner depends on the support of Independents to stay in office, and could be pitched out by the courts if Labor succeeds in challenges to election results in two constituencies.

The only state government certain to be re-elected is the Labor administration of Mr Wayne Goss in Queensland, where Labor ended the 19-year reign of Sir Joh Bjelke-Petersen in 1989. Mr Goss has been accused by supporters of moving too slowly to reverse Sir Joh's conservative legislation on social policy issues but polls show his approach is likely to appeal to the voters.

Kevin Brown

■REPUBLICANISM: Labor party agrees to a timescale

Date with a referendum

John Bannon: there was little debate and no passion

THE Labor party received wide publicity overseas for its decision to set a 10-year timescale for the establishment of a republic. Yet the response to the party's decision overstates its importance and ignores the practical and political barriers to constitutional change.

The resolution, passed by delegates to the party's policy-making biannual conference in June, calls for an educational campaign to prepare the public for a referendum in 10 years' time. The decision involves no change of policy for Labor, which has been committed for a decade to the abolition of the monarchy and the establishment of a republic. Nor does it commit the party to legislation.

Its significance lies in the setting of a date for the referendum – the centenary of the federation of Australia's six former British colonies in 2001.

The resolution falls into that category of issues which exist in all political parties which no-one publicly opposes and no-one has much intention of implementing.

It was approved unanimously by the conference, usually a sign of lack of interest. There was little debate, no passion, and approval was given not very vigorously, as party president Mr John Bannon put it. Significantly, neither the party nor the government have made any moves since June to begin the educational campaign promised by the conference. Nor are they likely to do so.

The reason is that while the monarchy is no longer widely popular, it is not widely unpopular either. For every committed republican, there is a committed monarchist, and both groups are outnumbered by those who don't care.

There was a surge in abolitionist sentiment after the 1975 dismissal of a Labor government by Sir John Kerr, the then Governor-General, but feelings subsided after assurances that the Queen had played no part in the dismissal.

If Labor was serious about abolishing the monarchy it would have to overcome a series of obstacles.

- It would need control of the House of Representatives, which all federal governments must have, and the Senate, which few governments manage. The Liberal/National coalition, which looks likely to win the next election, is committed to retaining the monarchy.
- The change would require a referendum which would fail without the support of a majority of votes in a majority of states. Constitutional reform is notoriously difficult to achieve without bipartisan support, and few referenda have been approved since federation.
- Labor would have to discuss what kind of republic it wants. For example, no thought has been given to the powers of the president. Reaching agreement on such issues could be more difficult than getting rid of the Queen.

However, it may not matter much because, in many ways, Australia has a non-executive president. The Governor-General, Mr Bill Hayden, former Labor leader, was appointed by Queen Elizabeth II and is usually described as her representative. He is head of state when the Queen is not in the country, which is most of the time. The Queen's role is limited to the appointment of the Governor-General, who is chosen by the Australian government. Once appointed, the Governor-General acts independently of Buckingham Palace.

Since the 1960s, Governors-General have been Australians. Given the barriers to change and more pressing economic problems, Australians may decide to settle for that.

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Bill Hayden: in the Queen's absence he is head of state

■PROFILE: John Hewson, opposition leader

Unpopular pursuits

JOHN HEWSON'S obstinate pursuit of unpopular policies may look politically suicidal, yet it could lead to the resurrection of the Liberal/National coalition party.

The opposition leader proffers a dish of unpalatable measures to an electorate that is reeling from high unemployment rates and economic hardship. A new goods and services tax, unemployment benefits lasting only nine months, privatisation of some social services and the cancellation of most industry protection by 2000 are on his menu.

The offer is on a take-it-or-leave-it basis. Mr Hewson will not compromise on what he believes are bitter but sound and necessary proposals.

"If the Australian community is not mature enough to accept major changes in the midst of the worst recession in 60 years and to face tough decisions, then this country is in a very sad state."

The Hewson formula might work. The tired eight-year-old Labor government of Mr Bob Hawke has been tainted with backdoor deal-making with trade unions, environmentalists and other lobby groups. Australians' disgust with this compromise-to-buy-votes stance has been reflected in Mr Hawke's declining popularity in opinion polls, to the advantage of Mr Hewson.

John Hewson: proffers a dish of unpalatable measures

The most celebrated case of deal-making was revealed last June when Mr Paul Keating, the former treasurer, challenged Mr Hawke's leadership. The public was shocked to hear the two had struck a hand-over deal on the Labor leadership.

At a time when Mr Hawke's popularity and influence seem to be on the wane, the anti-Hawke projection of Mr Hewson could score him points among those who are more receptive to change.

He does not have Mr Hawke's bravura in parliament nor the colourful language that holds an audience's attention. He is not quick to roll up his sleeves to travel down to the pub with his mates. And while he drives a Ferrari, much maligned by Mr Hawke, he has a working-class background unlike Mr Hawke.

His youth (45 years old) and the fresh blood in his shadow cabinet stand in contrast with Mr Hawke's worn-out crew.

On a recent business trip to Taiwan, Mr Hewson took with him 11 executives from blue chip companies. Most were impressed with the depth of his strategies for trade, investment and the economy.

Mr Hewson earned his economics doctorate from a US university and has been employed by the International Monetary Fund as an economist. He was an adviser to the federal treasurer in 1977 and an executive director of the Macquarie Bank.

He was elected leader of the opposition at a time when the party was racked with squabbles between the former leaders, Mr John Howard and Mr Andrew Peacock. The leadership struggle in the Labor party might give the coalition a crack at the coveted seat.

The next federal election is a year or more away. That is plenty of time for the Labor government to clean up its act, for the economy to turn around and to pacify Labor voters. On the other hand, that may be enough time for voters to get used to Mr Hewson's brand of politics.

Emilia Tagaza

■PROFILE: John Kerin, treasurer

Recession inheritor

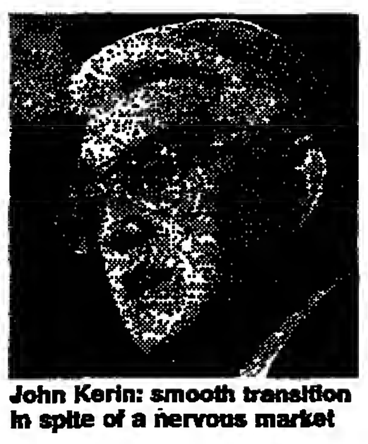
AUSTRALIANS ARE having withdrawal symptoms following the departure of Mr Paul Keating, the ebullient, caustic-tongued former treasurer. Suffering the unpleasant side-effects is Mr John Kerin, the new treasurer.

Deadpan, self-effacing Mr Kerin, the highly-successful minister of the bush (primary industry and energy), was co-opted to the finance portfolio in June after Mr Keating's highly-charged challenge to Mr Hawke's leadership failed.

Five months after that appointment, Mr Kerin still suffers from being compared with his larger-than-life predecessor in every move and every statement that he makes. Not that the predecessor's shoes are bigger – Mr Kerin just prefers hardy gumboots to the sequinned vaudeville type.

It is hard to ignore the stark contrast in their personalities. Mr Kerin's laconic speech, calling the Australian recession the worst in 60 years instead of the recession Australia had to have, does not go down well among a population with a she'll-be-right-mate attitude.

Styles aside, Mr Kerin has shown that he is a steady hand on the tiller in spite of the difficult circumstances under which he took over. He inherited a recession that has placed the Hawke Labor government in the voters' bad books. Every



John Kerin: smooth transition in spite of a nervous market

move that Mr Kerin makes to soften the blow of the recession has to be gauged not only by its economic impact, but also by its effects on the government's political survival.

Now he can celebrate his fifth month as treasurer and his 54th birthday with some satisfaction that he has not done too badly in the position.

He has managed a smooth transition in spite of a momentary nervousness in the markets. He has reassured the markets of his commitment to maintain low inflation and the tight fiscal and monetary policies of his predecessor.

It is rather ironic that his slow, cautious style has vastly helped in the calming exercise.

His first budget, delivered in August, was tagged unimaginative, without surprise measures that would help stimulate some growth. But it sealed his commitment to restraint.

Commitment, combined with caution, allowed him to move on interest rates when indicators were showing it was all right to reduce rates. When he announced a one percentage point cut in cash rates in early September, Australians were surprised not at the timing of the cut but by its magnitude.

The decision has now been vindicated. The reduction has not resulted in an over-heating.

While caution is perhaps the Kerin quality to the fore at the moment, there is a Kerin with a tougher edge waiting to be unleashed. This side was exposed not infrequently during his eight-year term as primary industries minister, where some of his unpopular policies attracted death threats from disgruntled farmers.

His most famous coup was the deregulation of the highly-sheltered wool industry. Early this year, he abolished the reserve price scheme, which at a time of depressed world prices, guaranteed unsustainably high floor prices to wool growers. His delicate and effective handling of the agriculture portfolio has earned him the reputation of being one of the best primary industries ministers Australia has had.

ET

■FOREIGN AFFAIRS: a nation coming to terms with its place in Asia

Everybody has got neighbours

ONCE A *self-conscious outpost of* Europe, Australia is slowly coming to terms with its geographical position in the Asia Pacific region, but not without a some soul searching.

The process of adjustment began 30 years ago, with moves to dismantle the notorious white Australia policy, which severely restricted immigration by people of non-European origin. It has gathered pace as the direction of trade has changed from Europe to Asia, which buys 55 per cent of Australian exports and is likely to be the main source of future growth in demand.

Australia has been forced to respond to security concerns raised by the likelihood of a partial US withdrawal from the region following the end of the Cold War. Canberra will maintain a bilateral defence agreement with Washington, but there is a growing realisation that the US withdrawal could lead to instability in the absence of collective regional security arrangements. These pressures have added urgency to government efforts to enmesh Australia in the Asian region, with emphasis on the economically dynamic north-east and south-east Asian countries.

It has been a difficult process, and it shows every sign of getting harder as the realities of life in Asia begin to make themselves felt. The main problem for Australia is that its European heritage, overlaid with a post-war veneer of US consumerism, has given it a cultural and political framework which is different from most of its neighbours.

Even by European or North American standards, Australia is a brash and aggressively open society, where deeply wounding attacks on public figures are commonplace, and freedom of expression is regarded as an inalienable right.

This is at odds with both the cultural traditions and political realities of many countries in the region, and it poses questions about the compatibility of Australia's Asian ambitions and cultural heritage. The gulf between Australia and its neighbours was illustrated by a row with Malaysia over the television soap opera Embassy, which deals with the adventures of a group of diplomats in a fictional south-east Asian country.

The programme drew protests from Dr Mahathir Mohamad, prime minister of Malaysia, who was incensed by references which he believed were based on historical events in Malaysia. The dilemma for Australia was how to defuse the dispute without disowning artistic freedom or appearing to interfere with the independence of the government-owned television station which made the programme.

The dispute was eventually solved by an Australian acknowledgement that offence had been caused, together with an assurance that the government would disassociate itself from inaccurate presentations of *Malaysia*. The government was careful not to present the formula as an apology, but it was perceived by some Australians as an act of grovelling to a country which does not permit editorial freedom to much of its own media.

Dr Mahathir Mohamad, (left) PM of Malaysia, protested about a TV soap opera. Indonesia has been angered by newspaper coverage of the business activities of relatives of President Suharto (centre). Gareth Evans says too many Australians have a distorted view of Asia

The relationship with Malaysia will be tested afresh with the release of the Australian film Turtle Beach, based on the novel by Blanche D'Alpuget, which deals with Malaysia's treatment of Indo-Chinese refugees.

Australia likes to present Malaysia as a special case, but similar disputes have erupted with other countries, notably Indonesia, which has been angered by newspaper coverage of the business activities of relatives *of President Suharto.*

Even English-speaking Singapore was upset by robust Australian criticism of its antiseptic public life in a recent series of television programmes on the so-called Four Tigers of south-east Asia.

Senator Gareth Evans, foreign minister, acknowledges that the cultural divide will be difficult to bridge, but claims the government's difficult balancing act will become easier as stereotypes are broken down. Too many Australians, he says, still see Asia through the distorting lenses of old prejudices based on fears of encirclement.

Equally, some Asians retain an out-of-date image of Australia as a white racist society with a lazy workforce. Australia has gone to great lengths to open itself to external economic pressures and to eliminate racism from its immigration policy, which is now based on skills and family ties.

About 3.5 per cent of the population is of Asian origin, and the proportion is expected to double over the next 20 years. That demographic change will achieve the double objective of changing the Australian image of Asians, while providing a flow of Australians with *Asian faces who may help alter* Asian views of Australia.

Australian governments have tried hard to play a full part in regional affairs, including taking a leading role in the diplomatic settlement of the war in Cambodia and *the establishment of the Asia* Pacific Economic Grouping (Apec), which includes a wide cross-section of Pacific rim nations.

In the long term, the hope is that resentment of Australia will ease as democracy and economic liberalisation take hold, bringing the self-confidence of prosperity and perhaps *the demise of the prickly generation* of Asian leaders who grew up under European colonial administrations.

These developments will help ease Australia's transition from a European society overlaid with a veneer of American consumerism to a full partner in the Asian region. But it will take time to overcome *prejudices such as those expressed* privately by a diplomat from a south-east Asian country who says many Asians are irritated simply by the way Australians enter a room.

"They have this effortless assumption of superiority based on their democratic history and their economic development which really *comes down to being white and* speaking English," he says.

This is the kind of comment which most exasperates Senator Evans, who says it is too easy for Asian leaders "to label us with arrogance born of white skins overlaid with an Australian yobbishness."

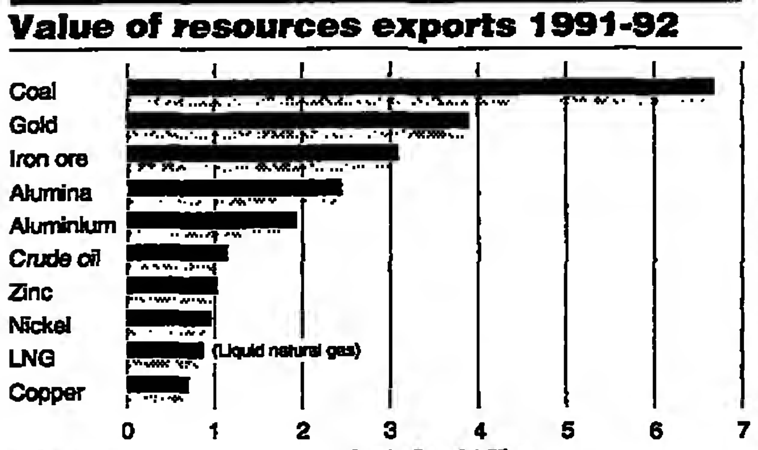
In response, he points out that *Asia is a region of diverse cultures* in which some countries, notably Japan, are almost as different from their fellow Asians as is Australia.

Kevin Brown

■MINING: battle of Coronation Hill emerges as a litmus test

Industry in fear of erosion

Value of resources exports 1991-92



Source: ABARE

Kakuda National park, Northern Territory

AN OBSCURE and remote gold prospect, tucked away in Australia's vast Northern Territory, has emerged as a litmus test for the country's mining prospects for the 1990s.

The battle to develop a gold, platinum and palladium mine at *Coronation Hill, in the territory's* Kakadu National Park, has become the nation's most publicised mining development issue for years.

In a face-off more notable for its rhetoric than logic, the project brought the mining lobby and Australia's environmental and Aboriginal rights activists into head-on confrontation. Both sides characterised a simple and comparatively small mine as nothing less than make or break for the country's social and economic direction into the 21st century.

After two years of increasingly acrimonious debate, the federal government recently rejected environmental opposition, but banned mining at Coronation Hill because of objections by local Aborigines who claimed development would awaken Bula, a spirit being believed to be sleeping under the hill.

Mr Bob Hawke, the prime minister who forced the ban through the federal cabinet, presented it as a response by white Australia to the religious *anxieties of Aborigines.* However, the mining industry is adamant that the ban is the latest in a series of anti-mining decisions which threaten the country's strong position in world resources trade.

The issue has turned Mr Campbell Anderson, Australian Mining Industry Council chairman and one of the industry's more notable optimists, into a part-time harbinger of doom. He says that the government's stance on development has eroded already shaky investor confidence in the country.

"Governments . . . have allowed to be created a climate of such uncertainty and such confusion in the industry that there is a very great danger of rapid decline in mineral exploration in Australia," he says.

"Through the then inevitable reduction in our mineral output [this] will lead to an admittedly more gradual decline in this country's overall export competitiveness. Ultimately, the industry could thereby wither until it became merely a minor adjunct to the other things we do in Australia to keep ourselves prosperous."

Mr Anderson says the seeds of decline in the Australian mineral industry's world ranking are being sowed through a marked slowing in exploration expenditure.

"Australia does have abundant minerals, but so do many other countries. Australia's minerals are getting increasingly more difficult to find. This is the world's oldest continent, and time and nature have hidden our mineral wealth deep beneath the ground.

"From a peak of A$800m in 1988, the industry in 1990 spent only about A$570m on mineral exploration. And it was expecting to spend even less, at some A$500m in 1991."

Because development lead times are long and average mine lives about 15 years, the tail off in exploration spending will take time to effect the country's mineral output.

Mr Anderson says leading Australian miners are spending an increased proportion of their exploration budgets overseas. "New mines will open, but they will open overseas and not in Australia. They will therefore compete with existing Australian mines. If their orebodies are poor, they will not be able to compete and they will eventually be closed.

"A shrinking Australian industry will also see our mining expertise leaving these shores to work elsewhere."

Indications are strong that environmental and Aboriginal heritage factors will continue to loom large for the Australian mining industry in the 1990s, with a A$500m iron ore expansion and a A$230m nickel development in Western Australia stalled on these grounds at the time of writing.

His words have been given added poignancy by predic*tions that Australia's commodity exports* are likely to fall this year for the first time in more than a decade. The Australian Bureau of Agricultural and Resource Economics (Abare) says although mineral output is likely to rise marginally in 1991-92, the sector's *export earnings are forecast to* fall by 2 per cent to A$26.8bn.

That follows a decade of growth which saw mineral exports balloon from A$8.3bn in 1981-82. Part of the slowdown reflects a pause in world economic growth which has reduced export prices, but progress in tonnages produced has also slowed.

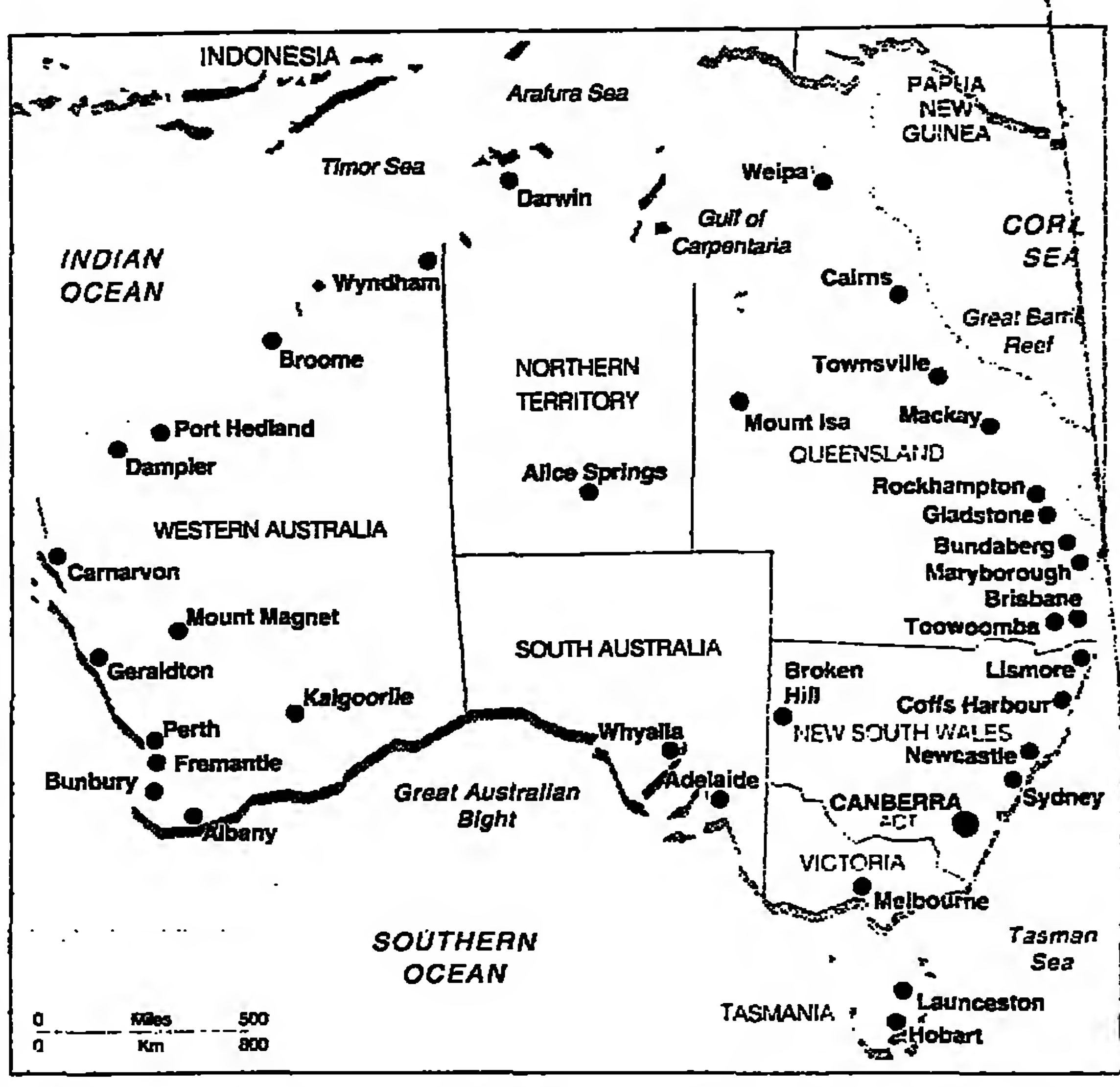
Abare is forecasting a rise of only 1 per cent in the country's mineral output in the current year following compound growth of about 20 per cent in the preceding half-decade.

Export performance is forecast to be extremely patchy with strong growth in the value of iron ore, up 20 per cent, nickel up 15 per cent and gold rising 5 per cent. But alumina and aluminium, zinc and copper are facing export falls of between 6 and 13 per cent, mainly due to price reductions.

Energy exports are likely to fall about 7 per cent to A$9.3bn, reflecting a big dip in petroleum, offset by a modest rise in coal. These numbers lead Mr Anderson to question whether Australia can remain the world's third biggest mineral producer after the US and Canada. He poses a bigger question on the environment versus development debate of the 1990s. He says about 26 per cent of the Australian land mass is closed to mineral access through environmental or Aboriginal heritage claims, and another 22 per cent is under claims for further restriction.

"This will be welcomed by many who are genuinely interested in the environment. But what will be the actual result? *Mines in other countries will* displace us, and in some of those countries the mines will not be as environmentally sensitive as we are here."

Bruce Jacques



■AGRICULTURE: sowing the seeds of a subsidies battle

Farmers feel the financial pinch

FARMERS ARE gearing up to give President Bush a rough welcome when he visits Australia next month during a tour of the Asia Pacific region.

Many see the US as the principal villain in a subsidies battle between the US and the European Community. The conflict has depressed wheat prices and squeezed out Australian exports.

Farmers' leaders will try to make sure that mass demonstrations in Canberra and elsewhere remain peaceful. However, rising anger may flow over into attacks on US property. There have been several *outbreaks of violence, mostly* in Western Australia, since a deep recession took hold of rural Australia last year.

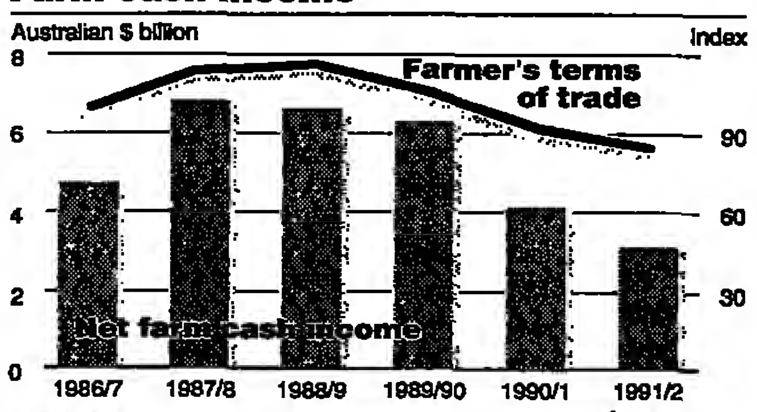
In the worst incident, an unidentified farmers' strike force used oxyacetylene equipment to cut an isolated railway line near Geraldton, nearly causing the derailment of a goods train. The group demanded help for financially-pressed farmers, including a debt moratorium and a freeze on state government fees for heavy vehicles.

In less violent protests, farmers have blocked roads into Perth, and broken into the US satellite tracking station at Yaragadee, where they dumped truckloads of unsold wheat.

They chained up machinery, painted slogans on a number of US trucks, and used one of the base's facsimile machines to send a message of protest to Mr Bob Hawke, the prime minister. *The protests are part of a* campaign which has earned the farmers plenty of sympathy but little help from the government, which lacks the resources to provide more than token assistance. This is partly a consequence of the declining importance of agriculture, *which accounts for less than 4* per cent of gross domestic product, compared to more than 25 per cent 30 years ago.

Farm products still account for about 26 per cent of exports, but ministers say it would be economic madness to tax the rest of the economy to provide sufficient subsidies to allow farmers to compete on world markets.

Farm cash income



Source: ABARE

As a result, the Australian Bureau of Agricultural and Resource Economics (Abare) estimates that the average net income of Australia's 72,000 family-owned farms fell to a record low of A$11,200 after interest and depreciation in the 12 months to the end of June.

Sheep farmers were worst hit – they made an average loss of A$3,100. The bad news for farmers is that the short-term outlook remains bleak. Abare says world prices for rural commodities have fallen nearly 40 per cent since early 1990, and forecasts a further 10 per cent fall over the 12 months to June next year.

Abare says 5 per cent of family-owned farms will face con*siderable financial* pressure over the next few years – mostly sheep and wheat farmers in New South Wales, Western Australia and Queensland. Some will be forced to leave the land.

There are four main reasons for the plight of the farmers:

- The government's use of tight monetary policy to cool the overheated economy. The strategy has reduced the current account deficit by more than 30 per cent, but it induced a recession which cut GDP by 2.4 per cent in 1990-91. Many small businesses, including farmers, have been squeezed by high interest rates.
- World wheat prices have plummeted because of record crops in 1990, and an exports war between the US and the EC, which has led both sides to increase subsidies to levels which make unsubsidised Australian wheat unsellable. The US, which says it is trying to force the EC to negotiate, has used its low prices to poach a number of traditional Australian markets in the Middle East. The US has cut quotas for imports of Australian beef and sugar in an attempt to protect domestic producers.

The government, which says the EC is to blame for the subsidy war, has pressed for a free market in agricultural trade in the Uruguay Round negotiations on the General Agree*ment on Tariffs* and Trade (Gatt). Dr Neal Blewett, trade minister, has made some progress in alliance with other agricultural exporting nations, but radical reform depends on a change of heart by several protectionist countries, notably France, Ireland and Japan.

- The wool industry raised production too high after good sales 1987-88, and persisted too long in doomed efforts to protect farmers' incomes through a guaranteed pricing scheme. The scheme was abolished by the federal government earlier this year, but demand remains weak because of uncertainty about the future of the government's stockpile of 2.2m bales of unsold wool.
- Drought has worsened the downturn, especially in the sheep and cattle areas of Queensland and New South Wales. Mr Ian Armstrong, the NSW agriculture minister, said recently that 19m sheep and 3m cattle were at risk.

In the short term, little relief is in sight for the farmers. The Australian Wheat Board estimates that the return to growers for the 1990-91 crop will be A$120 per tonne, compared to *A$181 per tonne for the previous* year's crop. Smaller crops in China and the Soviet Union will cut world production by about 33m tonnes to 564m tonnes this year, which should increase prices by about 10 per cent, according to the International Wheat Council.

However, *Abare forecast* recently that Australian production would fall from its earlier estimate of 11.3m tonnes to 9.8m tonnes, which could offset the increase in prices.

The Australian Wool Council, which represents growers, remains hopeful of an upturn in three or four years' time, when the stockpile has been significantly reduced, but forecasts that average growers incomes could fall as low as A$300 this year.

Mr Alan Bowman, AWC chairman, says farmers have slaughtered up to 30m sheep over the last year, and forecasts that the national flock could fall to 130m by 1994, compared with a peak of more than 170m last year. World prices for wool, sugar, cotton and dairy products are all expected to be lower on average than last year, although beef prices are expected to rise as a result of increasing demand from north-east Asia.

The medium-term outlook is brighter, especially if Abare is correct in forecasting that world commodity prices are near the trough of the price cycle and are likely to turn upwards. However, the real prize would be agreement in the Gatt negotiations, which would ease the subsidy war and increase Australian access to US and EC markets.

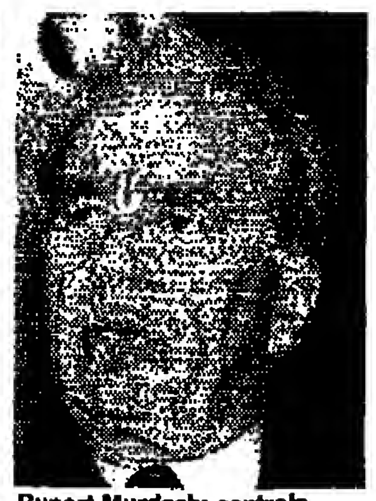
KB

AUSTRALIA 5

Christopher Skase: declared himself bankrupt last June

Warwick Fairfax: group went into receivership last year

Protest pack: Sydney Morning Herald journalists demonstrate against Tourang's bid for the Fairfax empire



Rupert Murdoch: controls 48% of print media market

Kerry Packer: also holds much of the magazine market

KEY FACTS

Area	7,682,300 sq km	
Population	17.1m	
Governor General	Bill Hayden	
Currency	Australian Dollar	
Average Exchange Rate[1]. 1989-90 $1=1.30 1990-91 $1=1.27		

ECONOMY	1989-90[1]	1990-91[1]
Total GDP ($bn)	268.5	297.5
Real GDP growth (%)[2]	3.6	-1.0
GDP per capita ($)	17,025	17,410
Components of GDP (%)		
Private Consumption	58.0	58.8
Gross Fixed Investment	24.7	22.0
Government Consumption	17.5	18.7
Exports	17.3	20.3
Imports	20.7	20.8
Consumer prices[2]	8.0	5.3
Ind. wage rates[2]	6.9	6.6
Ind. production[2]	3.9	-1.8
Unemployment[3]	6.2	8.4
Reserves minus gold ($bn)	14.5	15.5
Narrow Money growth[2]	3.9	6.4
Broad Money growth[2]	14.3	6.8
Three month bills (%)	14.8	10.1
Govt Bond Yield (%)	12.1	11.2
FTA Share price index[4]	-20.0	+23.8
Budget balance ($m)	+6,187	+1,565
Current Account ($bn)[1]	16.5	12.3
Exports ($bn)[1]	37.0	40.8
Imports ($bn)[1]	39.3	38.7
Trade Balance ($bn)[1]	-2.4	+2.1
Main Trading Partners in 1990[5]	Exports	Imports
Japan	26.2	17.8
US	11.0	23.0
UK	3.6	6.6
New Zealand	5.0	4.2
West Germany	2.2	6.3

(1) Figures to end June except where otherwise stated
(2) Percentage growth over previous year
(3) Unemployment as a percentage of the labour force
(4) Percentage growth over previous calender year and end
(5) Percentage share of trade by value in 1990

Source: IMF, Datastream, Economist Intelligence Unit

■NEWSPAPERS & TV: the banks are suffering from indigestion after the glut of takeovers

Less fun in the court of the media barons

THE FRENZY of media takeovers four years ago is now taking a heavy toll both on those who plunged into the buying spree and those who funded them. But the banks, more than the gutsy takeover cowboys, are suffering heavily from the consequences of their generous lending.

The fall of the Fairfax newspaper group, a 150-year-old institution, is a textbook illustration of the Australian media debacle.

The Fairfax modern saga began when Harvard-educated Mr Warwick Fairfax, the family's Young Turk, decided in 1987 to buy out the rest of the family and minority shareholders. Then aged 26, the young Fairfax as he was unfondly called, offered A$2.1bn for the takeover.

The ANZ bank financed the deal with an A$2m loan.

The Fairfax group, with its flagships Sydney Morning Herald, The Age and The Australian Financial Review, was put into receivership in December 1990 when it failed to service debts which stood at A$1.3bn.

The banks may not have realised in the 1980s what the next decade would bring. The recession set in and advertising income dried up, for both print and electronic media. What they should have known was that the media companies' assets were over-valued.

Two of the three leading commercial television networks are now in receivership. Others are keeping their heads just above water through continuing staff retrenchments and drastic cost-cutting measures.

While ANZ and other Fairfax creditors including Citibank, have opted for a sell-off, Westpac, which has an even heavier media exposure, has chosen to assume total ownership of the struggling Channel 10 network. Channel 10 is also a product of the takeover mania, put together four years ago by the Lowy family by taking over several regional stations.

Westpac is likely to hold on to Channel 10 until it has recovered a substantial portion of its estimated A$300m exposure. It is expected to list the network publicly.

Banks have also been trapped in Channel 7, put together by Mr Christopher Skase, who has had a meteoric rise and fall in the media business. Mr Skase bought the original television interests of the Fairfax Group in 1988 at the height of his empire-building activities.

Several banks, including the Hong Kong Bank of Australia, Chase ANP and Barclays are owed around A$725m.

Mr Skase declared himself bankrupt last June and his holding company, Qintex Australia, has been put into receivership.

Another fallen entrepreneur, Mr Alan Bond, was also in the media game. He acquired the Channel 9 network from Mr Kerry Packer for A$1.1bn. But in 1990, control reverted back to Mr Packer when he converted A$200m worth of preference shares.

Mr Packer also holds much of the magazine market and his presence in the Tourang consortium, the leading bidder for the Fairfax group, has aroused resistance.

It has highlighted the high concentration of Australian media ownership, particularly in the print sector.

At the moment, Mr Packer holds 19 per cent of the total print media market, Mr Rupert Murdoch controls 48 per cent and Fairfax 12 per cent.

If the Tourang bid succeeds, Mr Packer's reach would be extended even if he has only a minority interest in Tourang.

Australian broadcasting laws could limit Mr Packer's actual monetary share in any media organisation but it is doubtful if there could be any curb on the way the determined media baron might influence decision-making policy.

Mr Packer's presence in the Tourang consortium has aroused resistance

The banks, more than the gutsy takeover cowboys, are suffering heavily

Emilia Tagaza

■IMMIGRATION: debate focuses on the economy and environmental issues

Tangles of a love-hate relationship

AUSTRALIA's love-hate relationship with Asia has shaped immigration debate and policy in the country since the Second World War. Today, the debate focuses on the cost and level of immigration but the undercurrents are tugging at the large Asian intake.

Post-war fears of invasion by Japan and other populous Asian neighbours prompted the Euro-centric immigration policy of the 1950s and 1960s. Launched with a slogan "populate or perish", a mass immigration programme brought in waves from southern Europe, particularly from Italy, Greece and Yugoslavia.

In the 1970s, a turnaround from the white Australia policy and a belief that Australia's economic future lay in Asia opened the floodgates to migrants from the region.

Since the mid-1970s, the proportion of settlers from east and south-east Asia has risen to over 30 per cent. In contrast, the proportion from the main southern European sources, which climbed to over 25 per cent in the 1960s, has now fallen to less than 5 per cent.

The problem for Asian migrants is that their arrival in large numbers coincided with a deep trough in the Australian economy. Being the largest group among the recent arrivals, they tend to get the blame for the high cost of the government's immigration policy, particularly in relation to unemployment and social welfare services.

During the high unemployment years in the early 1980s, the largest group of settlers, the Greeks and Italians, also got the same treatment.

The 1990s economic debate over immigration has expanded from the traditional question about its effects on employment and welfare payouts. An increasing number of academics, economists and bureaucrats has claimed that immigration worsened the current account problem and put a strain on the country's delicate environment.

Mr Stephen Joske, of the Legislative Research Service of the Federal Parliamentary Library, has said that spending on housing and infrastructure to accommodate immigrants adds as much as A$8bn a year to the current account deficit.

He says the cost is incurred through the foreign borrowing component of such projects.

On environmental grounds, opponents of high immigration levels stress that the small proportion of arable land in Australia and the problem of land degradation make immigration cuts imperative in the short term. According to Dr Christabel Young, a demographer at the Canberra-based Australian National University, the country has the highest rate of population growth in the developed world largely because of its high immigration intake. If the rate was maintained, Australia would double its population in 40 years, resulting in serious urban congestion and pollution.

There have been recent attempts to measure, if imprecisely, the cost of immigration in the traditional areas of employment and welfare. Calculations based on government figures indicate that 42 per cent of immigrants from non-English-speaking backgrounds, who arrived in the last two years, are unemployed.

The Office of Multi Cultural Affairs estimates that poor English language skills cost A$3.2bn a year in additional communication time needed in the workplace. A report by the Bureau of Immigration Research says that the total cost in terms of lost productivity is A$750m a year.

The Australian Council of Trade Unions, using a broader measure of lost productivity, estimates that in 1990 poor English fluency in the workplace cost A$6.5bn.

All these arguments have undermined the Hawke government's policy of high immigration intake. That policy has been underpinned by a study four years ago which concluded that higher immigration would lead to higher per capita investment, higher labour productivity through economies of scale and a short-term worsening of the external account, which would be partly offset by greater capital inflows.

The study, conducted over three years by the Immigration Department and the Committee for Economic Development of Australia, found that immigrants usually created jobs by increasing demand for goods and services. To make high immigration more acceptable, the government has modified immigrant-assessment procedures to favour employable English speakers, young and skilled migrants.

However, the depth of the recession this year has forced the government to cut the projected intake for 1991-92 to 111,000 from the previous year's 126,000.

The ratio of immigrant categories remains: 50 per cent under the family reunion programme, 40 per cent skilled immigrants and 10 per cent refugee/humanitarian cases.

Some figures in the Labor party have proposed further cuts to intake levels. Mr John Dawkins, the employment minister, wants intakes to be halved over the next three years. He says previous studies showing that immigration increased living standards were flawed because they did not distinguish between the existing population and newly-arrived immigrants.

"Rapid population growth significantly adds to the existing environmental problems faced by our cities," he says.

However, the debate over intake levels now seems to be overtaken by events. A Bureau of Immigration Research report has found that the number of permanent departures of former immigrants rose by 35 per cent between June-December 1989 and the same period last year.

While it is not known from which countries the departing settlers originally came, 41 per cent of them left to resettle in New Zealand, 20 per cent in the UK and Ireland, 8 per cent in the US and 3 per cent each in Hong Kong and Canada.

Settler Arrivals (financial years, 1984-90)

	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
With visas	65,204	74,810	95,346	117,098	115,946	105,948
Without visas	12,883	17,600	17,963	26,392	29,370	15,279
Total	78,087	92,410	113,309	143,490	145,316	121,227

Source: Bureau of Immigration Research

The debate over intake levels now seems to be overtaken by events

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■URBAN SPRAWL: lots of land, not enough room

Tarnished dream

THERE IS a sense of urgency in the way politicians and bureaucrats talk about urban population explosion and housing shortages. This is in spite of having roughly the same land mass as the mainland of the US and a population of only 17.1m.

Because much of the land is either arid or wild, settlement has concentrated on the more clement eastern seaboard. The supply of land is generous and the traditional norm for Australian urban dwellers is a detached home on a quarter-acre block.

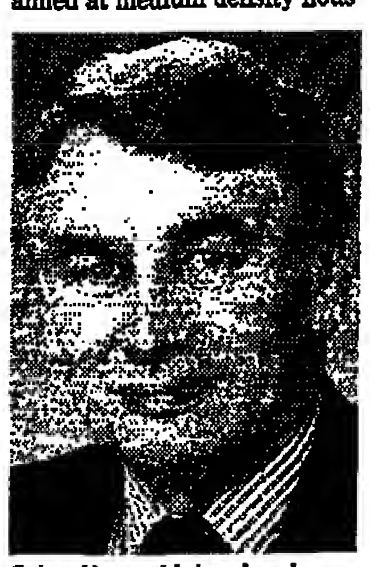
However, this great Australian dream is under serious threat thanks to the rapid growth in urban population in recent years. Australia ranks as the fourth most urbanised country in the world, with over 60 per cent of the population living in only five cities. There is a growing recognition that the dream is no longer practical in the 1990s.

Mr Brian Howe, the federal minister for housing, has noted the mismatch between available housing and community needs. About 80 per cent of Australia's housing stocks was single detached homes designed for families, but only 30 per cent of households were families.

Mr Howe noted the higher levels of investment required for infrastructure in low density housing areas, including roads, public transport schools and health services.

The minister introduced last August a well-funded programme called Building Better Cities which promotes medium-density housing both in existing suburbs and in new developments.

The government has allocated A$816m for the project over the next five years, to be invested mainly in state and city government activities aimed at medium density housing and a better service delivery.



Brian Howe: higher levels of investment required

Mr Howe said that over the next decade Australia would need more than 1.2m dwellings, of which 700,000 would be built at the fringe of large cities if the quarter acre block trend continued. Providing facilities and services to these areas would cost about A$6bn.

"Continued spread at the fringes means that there is almost total dependency on the use of private cars. This results in a car-oriented community with long journeys to work, education and training. Fuel consumption in Australian cities is at least double that of an average European city," he said.

Among those that can be expected to receive priority funding from the better cities programme are projects with average of densities of 15 dwellings or more per hectare. This translates to an increase on the norm of four houses per acre to six houses per acres.

Also to be favoured are projects converting redundant industrial or institutional land for housing purposes. Mr Howe has foreshadowed changes in taxation of infrastructure projects to attract private investments in the future.

ET

COMMODITIES AND AGRICULTURE

Gummer defends milk board powers

By David Blackwell

MR JOHN Gummer, Agriculture Minister, yesterday rejected the "reasoned opinion" of the European Commission that low fat milk is a processed product which falls outside the powers of the UK's Milk Marketing Board.

"We are informing the commission of our view and that we do not consider that the UK is in breach of any of its obligations under the EC Treaty as a result," Mr Gummer told the annual lunch of the Dairy Trade Federation in London yesterday.

The EC could now take the UK to the European court for allegedly allowing the Milk Marketing Board to abuse its monopoly powers.

The "reasoned opinion", which was issued early last month, followed action by the Milk Marketing Board in May to stop farmers and dairies from circumventing its purchasing scheme.

The board legally has the right of first refusal on all liquid or whole milk produced in the UK. The growth in demand for skimmed and semi-skimmed milk, which now form about a third of the UK market, has allowed farmers to earn more by contracting with independent processors to separate the higher added value milk and sell it themselves.

The MMB believed the producers were dodging the monopoly on liquid milk by not clinching the deal until it had been processed.

The board has been struggling to come up with reforms which will end statutory powers held since 1933 and turn it into a voluntary co-operative. Its proposals were submitted to the Ministry of Agriculture in March, but the UK's 30,000 milk producers have still not seen them.

John Gummer: UK not in breach of obligations

Mr Gummer told yesterday's lunch that the board would be sending the proposals to the Dairy Trade Federation in the next few days. The two sides of the industry should speed up their progress towards ending the MMB monopoly. He was seeking an orderly transition and was "not prepared to allow the present system to collapse into chaos."

However, Mr Gummer warned the industry to be prepared for the EC to seek an interim court ruling which the board would have no option but to obey.

Mr Brian Smith, president of the Dairy Trade Federation, said that two years of inertia had been no good for the industry. "Mr Minister, you advised urgency. We have tried to co-operate but our hands are tied," he said.

"We must know our destination so that we can plan the future prosperity of our industry."

US growers up in arms over EC oilseeds

By Nancy Dunne in Washington

MR EDWARD Madigan, the US Agriculture Secretary, who is to meet Mr Ray MacSharry, the European Community's agriculture commissioner, tomorrow in Dublin, leaves behind in the US a frustrated and furious soyabean industry that is calling for sanctions against the community.

At issue is a new plan that provides direct payments for EC oilseed producers. The American Soybean Association says that although the programme reduces supports from their current levels, it continues them at twice the world market price. This encourages oilseed production and undermines the duty-free commitment for soyabeans and soyameal that the US negotiated for its producers in 1962.

The new scheme was devised in answer to a ruling in 1987 by the General Agreement on Tariffs and Trade supporting a complaint filed by the US against EC subsidies to oilseeds processors. Rather than offering redress, however, it could be even more damaging to US exports than the original, which has been estimated to cost US producers as much as $2bn in lost sales.

According to Miss Nancy Foster, an ASA official, not only does the plan continue to encourage production, it offers payments for the first time to farmers for growing two crops of oilseeds each season.

The US congress is up in arms. The Senate, by a 97-0 vote, called on the US government to retaliate under Section 301 of US trade law. A similar resolution has been introduced in the House. Congressman Jim Leach, an Iowa Republican, is urging the Bush administration to levy countervailing duties on imports of EC pork products, sending a dual message of protest against both oilseed subsidies and the Community's import ban on US pork.

"The European Community cannot illegally close their borders to US agricultural products and expect that the US will not – regretfully – retaliate," Mr Leach said.

However, the timing is not propitious for unilateral retaliation. On the Madigan-MacSharry agenda, along with oilseeds and other bilateral disputes, is farm trade liberalisation in the Gatt Uruguay Round.

After five years of stalemate a Gatt deal on agriculture may be in the offing, but the pressure is on the US to give up Section 301 and unilateral action and to rely on the Gatt for even-handed dispute settlement.

Zinc prices rise on Cominco announcement of output cut

By Bernard Simon in Toronto and Kenneth Gooding, Mining Correspondent

ZINC PRICES yesterday decisively cleared the psychologically-important $1,000 a tonne level on the London Metal Exchange after Cominco, the Canadian metals producer, said it would cut refined zinc output at its Trail smelter in British Columbia because of weak demand. Trail provides about 5.2 per cent of the western world's refined zinc.

Zinc for immediate delivery rose by $15.75 to close at $1,009.50 a tonne while three-month metal ended the day at $1,027, up by $13.50.

Analysts suggested, however, that prices were unlikely to go up much more unless further cuts were made in refined zinc output.

Cominco said its zinc refinery would for the time being operate at 90 per cent of capacity of 300,000 short tons (272,000 tonnes) a year. More cuts would be considered if prices did not improve "in the near future." No employees were being laid off.

The Trail smelter was being brought up to full capacity after construction work which held 1990 output at about two-thirds of capacity. Although the smelter has at times operated flat out in recent months, overall production has been only marginally higher than the level now set by the company.

Refined zinc output was 69,700 short tons in the second quarter of this year, and 70,800 tons in the third quarter. The cuts will see quarterly output restricted to 67,500 tons. Much of the zinc concentrate treated at Trail comes from the group's new Red Dog mine in Alaska, but Cominco also refines large amounts of material from outside suppliers.

Mr Neil Buxton, analyst with the Metal Bulletin group, suggested the Trail cut was relatively small and would take some time to make an impact on zinc stocks. "It will be a long, slow process and Cominco's action wont be rewarded [with higher prices] for four to six months," he said.

Mr Robin Bhar, analyst with Carr Kitcat & Aitken, pointed out that the prospects for recovery in zinc demand were "very poor", given that the main users were the motor and construction industries. "Producers might not see a sustained improvement in the market until the second half of next year," he added.

Zambian copper, cobalt mining 'normal'

ZAMBIA CONSOLIDATED Copper Mines' copper and cobalt production is proceeding normally despite a top-level shake-up, a senior company official said yesterday, reports Reuter from Lusaka.

The company expected to achieve output targets of 35,000 tonnes of finished copper and between 400 and 450 tonnes of cobalt during November, he said.

Mr Frederick Chiluba, Zambia's new president, moved quickly to exert control over the state-owned company after his election victory last week over Mr Kenneth Kaunda.

Mr Francis Kaunda has been replaced as ZCCM chairman on an acting basis by British-trained engineer and divisional manager Mr Edward Shamutete.

Disorder in neighbouring Zaire, the world's biggest cobalt producer, had not so far affected ZCCM's output of the metal, he said.

At this point ZCCM would not want to take over Zaire's markets, he said, adding the plant modification would be needed to increase production anyway.

Malaysia expects growth in commodity production

By Lim Siong Hoon in Kuala Lumpur

MALAYSIA EXPECTS its production of non-oil commodities to grow next year, with prospects strongest in palm oil and cocoa, according to the latest annual report from the ministry of finance.

● Cocoa production is predicted to expand fastest, by 4 per cent to 260,000 tonnes in 1992, following two consecutive years of flat output at about 250,000 tonnes. The annual average price is expected to rise 2 per cent to M$2,650 a tonne, US$960 at the current exchange rate. The forecast for cocoa bean exports is 165,000 tonnes, up by 10,000 tonnes.

● Palm oil production, which almost showed no growth in 1990 and this year, could rise 3.3 per cent to 6.3m tonnes next year, the ministry believes. Prices are forecast to rise by an average of 2.4 per cent to M$800 a tonne, compared with the current level of M$870 on the Kuala Lumpur Commodity Exchange.

● Rubber production is expected to rise nearly 1 per cent to 1.26m tonnes, after falling sharply from 1.66m tonnes in 1988. The chance remains, however, that actual output may not reach the projected figure: January to July production amounted to 690,000 tonnes. International RSS No.1 the Malaysian benchmark grade, is predicted to fetch an average of M$2.35 a kilogram, compared with this year's M$2.30.

● Tin output faces another bleak year, with production unchanged at 23,000 tonnes although Malaysia has a 24,840-tonne quota under the supply rationalisation scheme of the Association of Tin Producing Countries. The figure estimated for 1991 is 19 per cent below Malaysia's 28,566-tonne allocation, the largest quota among the seven ATPC members. But next year, its export share drops into second place behind Indonesia's 27,966 tonnes, 32 per cent of the ATPC total.

The annual average spot price on the Kuala Lumpur Tin Market is predicted to rise to M$16 a kilogram next year from M$15.50 this year. January to September monthly averages have varied between M$14.87 and M$15.51, while the market closed on Monday at M$14.74.

● Log production is forecast to drop by 9 per cent to 35m cubic metres.

US cotton prices rally

THE PRICES for cotton futures on the New York Cotton Exchange rallied a little yesterday after falling to life of contract lows on Tuesday, writes Barbara Durr in Chicago. The December delivery contract rose 38 cents to 59.68 cents a lb in mid-morning trading.

Further deterioration of the cotton futures prices, perhaps to about 55 cents a lb, is expected as harvest of about 1[illegible] bales US harvest arrives in prime condition. This will be the largest cotton crop since the late 1930s.

The troubles with weather and flooding that occurred earlier in the growing season which caused prices to rise now all appear to have had little impact on the crop.

The question at present is whether US cotton farmers will choose to place their cotton in the US Department of Agriculture's loan programme under which they receive a set price of 50.77 cents a lb but can redeem their crop for the same price and sell it if the market rises within ten months.

If they choose this route, an artificial tightness could occur in the market. On October 2[illegible] however, only 380,000 bales were in the loan programme.

Oil shale poses dilemma for Estonia

Gillian Tett and Enrique Tessieri on managing a controversial fuel

HOWEVER ADEPT Estonian politicians have become at the art of the political balancing act during their independence struggle, the task that faces Mr Rihvo Sild, Estonian deputy energy minister, this winter is truly challenging.

As minister with special responsibility for oil supplies to this tiny, newly-independent state, he is presented with two delicate problems: how to persuade an increasingly reluctant Russia to maintain its oil supplies to Estonia and how to manage Estonia's indigenous energy supply, namely oil shale, which Estonian ecologists claim is dangerously polluting, but Estonian economists hope could be the key to economic independence.

The first of these problems is particularly pressing for, while trade relations with the former Soviet Union remain undefined, the Baltic states face the possibility they could either lose their cheap supply of Soviet energy this winter, or else be forced to pay world prices for it.

For oil, this would mean a jump from Rbs70 a tonne to Rbs140 a tonne, according to Mr Sild – a change that could devastate the tiny Baltic economies, particularly in Latvia and Lithuania, which import over 90 per cent of their energy from the former Soviet republic.

But of all the three Baltic states, Estonia is arguably the one best placed to survive this, because of its oil shale reserves. Last year it mined 23m tonnes of the oil-bearing rock, 90 per cent of which was burned in thermal power stations to produce 17.03m megawatt/hours of electricity. This not only supplied all of Estonia's electricity – and 56 per cent of its overall energy – but also allowed it to export 7m Mw/hrs of electricity to Latvia and St Petersburg and other Russian districts.

"Oil shale is very good for Estonia. Russia needs our electricity and we need Russia's oil," says Mr Sild, who hopes – perhaps over-optimistically – that because Russian districts have been buying Estonian electricity fairly cheaply, Russia might hesitate before charging Estonia world prices for its oil.

Ecologists claim burning the oil-bearing rock is dangerously polluting, but it could be the key to economic independence

But in spite of these calculations, Estonians are far from rejoicing in their oil shale. For at a time when Estonia is keen to reduce its energy dependence on Russia, it is facing increasing pressure from its Scandinavian neighbours to cut oil shale production for ecological reasons.

Although Finns and Estonians disagree about the precise levels of emissions from Estonia's oil shale-fired plants, both sides recognise them to be dangerously high. According to Finnish experts Balti and Eesti – Estonia's two main oil shale fired plants, which are among the largest in the world - produce between them 200,000 tonnes of sulphur a year, plus another 300,000 tonnes of ash.

According to an agreement reached between Helsinki and Moscow, Estonia is required to reduce these emissions by 50 per cent by 1995.

Estonia has been spared responsibility for acting on these demands until now, because, as Estonian officials have indignantly pointed out, the oil shale plants were controlled and financed by Moscow. But in the wake of the republic's newly-won independence, jurisdiction of the plants passed to the Estonian energy ministry last month.

"It's a very difficult problem," explains Mr Vadim Iserlis, chief engineer of the Balti plant. "Oil shale is the basis of Estonia's independence in its energy sector, but it's very bad for the environment."

Mr Iserlis says one solution to the dilemma is for Finland or other western countries to provide help cleaning up and modernising the plants.

According to one scenario proposed by the Estonian energy ministry, for example, Ahlström, a Finnish paper and boiler group, could install desulphurisation equipment at one of the blocks of the Eesti plant. At a cost of FM20m (£2.8m) this would reduce sulphur emission by 3,500 tonnes a year. In return the two oldest oil shale plants in the Estonian towns of Kohtla-Järve and Ahme could be phased out, along with part of the Balti plant.

But the cost of cleaning up the plants, estimated at billions of markka, according to Mr Jouko Mikola, a director working for Imatran Voima, a Finnish state-owned utility, would probably prove prohibitively high. As Mr Iserlis himself admits, the 30-year-old, loss-making oil shale-fired plants present a far from attractive proposition to western investors.

As a result, the Estonian energy ministry is now looking at alternative energy sources, such as the development of an under-sea electricity cable between Finland and Estonia.

Another scheme proposed is the development of cleaner gas-fired installations or even coal-fired plants. Last May Mr Arvi Hamburg, another Estonian deputy energy minister, revealed plans that Imatran Voima could build a 420 Mw coal-fired installation near Tallinn, the Estonian capital, as well as a possible 210 Mw plant in Tartu, the second largest city.

Yet another solution, more popular with Estonians, would be to develop alternative uses for Estonian oil shale reserves. However, the high cost of extracting oil from oil shale would probably not make this a viable alternative energy source.

So far, though these schemes have been greeted with caution by Estonian leaders. They are reluctant to take any steps that would increase their dependence on energy imports, while Estonia is still desperately short of hard currency. Even though Estonians resent the oil shale fired plants as a symbol of Moscow's mismanagement of the environment, the cost of abandoning the plants – and with them Estonian independent energy sources – remain, as Mr Sild acknowledges, "devastatingly high".

WORLD COMMODITIES PRICES

MARKET REPORT

London's robusta coffee prices yesterday continued Wednesday's advance, boosted by concern about nearby supply tightness. Dealers said the market had performed strongly in view of the weakness of New York and the latter's premiums narrowed significantly. January peaked at a six-month second position high of £587 before closing £9 up at £576 a tonne. The New York December arabica contract hit a lifetime low of 76.50 cents a lb in early trading. Traders attributed the decline to chart-induced long liquidation as well as outright shorting of contracts. No rainfall was reported in Brazil's growing regions overnight. Gold fell $2 a troy ounce on the London bullion market in spite of the potentially bullish news of a half-point cut in the US discount rate. Dealers said the market met upside resistance at $355. A report that a senior Soviet bank official had ruled out any massive gold sales in order to repay foreign debt in the near future had a similarly muted impact. On the LME copper prices were steady. Dealers said the market remains hesitant while current supply uncertainties persist. At Canada's Highland Valley a mediator has been appointed in an attempt to help end the current dispute which has seen production slow down.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$19.20-9.30	+0.10
Brent Blend (dated)	$22.00-2.10	-0.45
Brent Blend (Dec)	$22.10-2.15	-0.30
W.T.I. (1 pm est)	$23.50-3.55z	-0.35
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$246-248	+1
Gas Oil	$226-228	+1
Heavy Fuel Oil	$89-90	-1.5
Naphtha	$222-225	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$354.35	-2.0
Silver (per troy oz)♣	407.25c	-3.25
Platinum (per troy oz)	$362.0	-3.5
Palladium (per troy oz)	$86.50	-0.75
Copper (US Producer)	110.86	+0.34
Lead (US Producer)	37.83	
Tin (Kuala Lumpur market)	14.80r	
Tin (New York)	256.50	+0.5
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	103.53p	-0.45*
Sheep (dead weight)†	131.56p	+23.1*
Pigs (live weight)†	76.03p	+0.50*
London daily sugar (raw)	$226.0	-3.0
London daily sugar (white)	$286.2]	-1.8
Tate and Lyle export price	£235.5	-3.0
Barley (English feed)	na	
Maize (US No. 3 yellow)	£141.25u	
Wheat (US Dark Northern)	£101.0	
Rubber (Dec)♥	52.25p	
Rubber (Jan)♥	52.25p	
Rubber (KL RSS No 1 Nov)	225.0m	
Coconut oil (Philippines)§	$595x	
Palm Oil (Malaysian)§	$372.5x	+7.5
Copra (Philippines)§	$377.5z	-2.5
Soyabeans (US)	£150	-0.5
Cotton "A" Index	64.35c	-0.9
Wooltops (64s Super)	387p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Jan t-Sep/Dec u-Nov x-Nov/Dec y-Dec/Jan z-Dec]-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Dec	192.60	199.00	196.00	191.00
Mar	187.80	194.00	194.00	188.00
May	189.80	194.00	193.20	187.00
Aug	194.80		195.00	
Oct	193.00	198.40	194.00	
White	Close	Previous	High/Low	
Dec	281.9	287.8	286.2	280.5
Mar	277.9	283.0	284.0	277.5
May	277.2	282.0	282.0	277.5
Aug	279.4	283.5	283.5	279.0
Oct	255.4	259.0	258.5	254.5
Dec	254.4	257.0	254.0	253.5
Mar	257.4		256.0	

Turnover: Raw 118 (440) lots of 50 tonnes. White 2420 (1962)
Paris- White (FFr per tonne): Dec 1583.44, Mar 1582.72

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Dec	22.08	22.41	22.37	22.05
Jan	21.93	22.20	22.17	21.90
Feb	21.70	21.90	21.85	21.70
Mar	21.50	21.68	21.58	21.50
Apr	21.35	21.25	21.35	21.30
May	21.14	20.90	21.15	21.14
Jun	20.91	20.65	20.92	20.90
IPE Index	22.35	22.53	22.35	

Turnover 28830 (25429)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Nov	222.00	222.00	223.00	220.25
Dec	223.25	224.00	224.75	222.00
Jan	221.25	221.00	221.50	219.25
Feb	212.50	212.75	213.25	212.00
Mar	204.25	204.50	204.50	203.75
Apr	196.00	195.75	196.75	195.50
May	189.00	189.00	189.50	188.75
Jun	185.00	185.00	185.00	185.00
Jul	185.00	184.50		

Turnover 20000 (13248) lots of 100 tonnes

WOOL

The wool market continues to take an erratic course. After its long slow decline from July to October and then its totally unexpected upward surge of 20% to 25% for Merino wool, it fell halfway back in the following week, only to move steadily forward again. This upward move is still evident today in a rise of 12 cents in Australian Wool Corporation's market indicator to 533, only 10 cents short of the October 23 peak. Wool supplies are currently limited by declining production and grower reluctance to sell at recent uneconomic prices.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Dec	744	740	747	739
Mar	784	779	787	779
May	810	804	811	807
Jul	833	826	835	831
Sep	858	850	857	850
Dec	882	874	879	875
Sep	958	949	956	

Turnover: 4145 (10339) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov.4 943.93 (937.63) 10 day average for Nov.5 938.11 (938.85)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
Nov	559	554	568	554
Jan	576	567	587	565
Mar	553	550	555	548

Turnover:9188 (7201) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov.4: Comp. daily 63.25 (62.12) 15 day average 63.64 (63.57)

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
Apr	130.3	128.4	130.5	129.1
May	147.0		146.0	145.0

Turnover 137 (84) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne	
	Close	Previous	High/Low	
Feb	131.50	133.50	131.50	131.50
Apr	131.50	133.00	133.00	131.50
Jun	124.50	126.50	125.50	124.50
Aug	125.00	129.00	127.00	125.00

Turnover 469 (421) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Nov	1686	1691	1695	1690
Dec	1695	1693	1695	1685
Jan	1705	1711	1710	1706
Apr	1706	1710	1710	1706
BFI	1659	1656		

Turnover 367 (41)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Nov	118.15		118.20	
Jan	121.80	121.45	121.80	121.55
Mar	125.10	124.70	125.10	125.10
May	128.10	127.80	128.00	127.90
Barley	Close	Previous	High/Low	
Nov	114.25	114.05	114.30	114.25
Jan	118.05	117.80	118.10	118.00
Mar	120.80		120.80	120.75

Turnover: Wheat 103 (72), Barley 165 (43).
Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg	
	Close	Previous	High/Low
Nov	98.0	99.0	98.5 98.0

Turnover:12 (0) lots of 3,250 kg

MGMI – London FOX			
	Close	Prev.	High
Indx	134.28	134.34	

Seifin 1ilo

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 28,613 lots
Cash	1158-9	1152.5-3.5		1149-50		
3 months	1186-7	1181-2	1188/1171	1179.5-80	1187-8	133,037 lots
Copper, Grade A (£ per tonne)						Total daily turnover 22,530 lots
Cash	1345.5-6	1348-9	1348/1338	1339.5-40		
3 months	1336-6.5	1338-9	1338/1331	1331-1.5	1336-8	103,567 lots
Lead (£ per tonne)						Total daily turnover 3,847 lots
Cash	285.5-86	285-6	286.5	286-6.5		
3 months	297.75-8.0	297.5-8.0	302/297.5	298-8.25	297.2-7.75	12,676 lots
Nickel ($ per tonne)						Total daily turnover 1,732 lots
Cash	7370-80	7425-35	7375	7365-70		
3 months	7440-45	7490-95	7485/7420	7435-40	7418-20	17,530 lots
Tin ($ per tonne)						Total daily turnover 1,227 lots
Cash	5540-50	5535-45	5540/5538	5540-50		
3 months	5805-08	5800-05	5805/5800	5800-10	5800-603	5,187 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 7,076 lots
Cash	1009-10	993.5-4.0		1002-2.5		
3 months	1026.5-7.5	1013-4	1028/1020	1022-2.5	1025-6	29,650 lots

LME Closing £/$ rate:
SPOT: 1.7715 3 months: 1.7494 6 months: 1.7263 9 months: 1.7148

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	354.10-354.60	
Opening	354.20-354.60	
Morning fix	354.40	199.651
Afternoon fix	354.50	199.730
Day's high	354.70-355.00	
Day's low	353.70-354.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	4.62	6 months	4.42
2 months	4.61	12 months	4.32
3 months	4.53		

Silver fix	p/fine oz	US cts equiv
Spot	229.30	407.25
3 months	235.30	412.45
6 months	240.80	417.35
12 months	252.50	428.45

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	354.50-355.00	199.75-200.25
Maple leaf	364.50-365.50	205.25-205.75
New Sovereign	87.00-88.00	49.00-49.50

TRADED OPTIONS

Coffee	Jan	Mar	Jan	Mar
500	76	81	2	5
550	39	29	18	26
600	14	12	38	56
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
725	28	80	9	21
750	15	65	21	31
775	7	51	38	42

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Nov	354.6	354.1	0	0
Dec	355.8	355.4	356.3	354.7
Jan	357.2	356.8	0	0
Feb	358.4	358.0	358.8	357.3
Apr	360.8	360.4	360.8	360.0
Jun	363.3	3362.9	363.5	362.8
Aug	366.0	365.7	0	0
Oct	368.6	368.3	368.5	368.5
Dec	371.4	371.1	371.0	371.0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jan	365.0	365.0	365.5	363.2
Apr	368.0	368.5	368.0	367.0
Jul	371.6	372.1	372.0	372.0
Oct	376.4	376.9	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Nov	405.4	404.8	0	0
Dec	406.8	406.3	409.0	405.0
Jan	408.4	407.9	0	0
Mar	412.7	412.3	415.0	411.0
May	416.6	416.4	417.5	414.5
Jul	420.3	420.2	422.0	421.0
Sep	424.5	424.5	0	0
Dec	430.8	430.6	431.0	430.0
Jan	432.9	433.2	0	0
Mar	437.3	437.6	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Nov	106.60	106.65	106.75	106.30
Dec	106.45	106.55	107.00	106.20
Jan	105.35	105.45	105.70	105.20
Feb	104.80	104.70	104.75	104.75
Mar	104.20	103.90	104.50	103.90
Apr	103.65	103.20	0	0
May	102.95	102.55	103.00	102.80
Jun	102.45	102.05	0	0
Jul	102.00	101.60	102.00	102.00
Aug	101.55	101.15	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Dec	23.43	23.78	23.71	23.43
Jan	23.33	23.60	23.56	23.32
Feb	23.11	23.29	23.27	23.11
Mar	22.83	22.95	22.94	22.83
Apr	22.54	22.63	22.66	22.55
May	22.31	22.37	22.40	22.30
Jun	22.15	22.13	22.17	22.12
Jul	21.96	21.94	22.00	21.88
Aug	21.78	21.77	21.79	21.74

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Dec	7095	7184	7160	7095
Jan	7125	7205	7190	7125
Feb	6985	7040	7035	6975
Mar	6640	6660	6670	6640
Apr	6340	6320	6360	6330
May	6130	6110	6180	6110
Jun	6005	5965	6005	5970
Jul	5935	5900	5935	5920

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Dec	1229	1213	1232	1216
Mar	1291	1274	1293	1279
May	1326	1310	1329	1316
Jul	1355	1343	1353	1350
Sep	1386	1367	1382	1377
Dec	1426	1404	1422	1413
Mar	1452	1436	0	0
May	1476	1460	0	0
Jul	1499	1483	0	0
Sep	1520	1504	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	76.50	78.60	79.05	76.45
Mar	80.60	82.60	83.00	80.60
May	83.20	85.10	85.30	83.10
Jul	85.60	87.95	87.80	85.60
Sep	88.50	90.70	90.90	88.50
Dec	92.10	94.05	93.10	91.90
Mar	96.25	97.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.57	8.86	8.82	8.55
May	8.51	8.79	8.74	8.50
Jul	8.49	8.76	8.73	8.48
Oct	8.49	8.75	8.70	8.48
Mar	8.45	8.70	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Dec	59.23	59.30	59.75	58.80
Mar	61.05	61.17	61.40	60.72
May	61.55	61.83	62.05	61.38
Jul	62.25	62.50	62.80	61.82
Oct	63.40	64.10	64.10	63.40
Dec	63.90	64.32	64.35	63.90
Mar	65.15	65.60	65.40	65.15

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Nov	173.10	172.20	173.35	172.00
Jan	178.25	175.80	178.80	176.10
Mar	178.20	175.80	178.40	176.00
May	177.95	176.00	177.95	176.50
Jul	177.35	175.40	175.50	175.50
Sep	176.55	174.00	175.00	174.00
Nov	163.80	164.00	165.50	164.00
Jan	162.95	162.95	163.00	162.25
Mar	162.45	162.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Nov.6	Nov.5	mnth ago	yr ago
1630.9	1637.2	1619.2	1697.6

DOW JONES (Base: Dec. 31 1974 = 100)				
	Nov.5	Nov.4	mnth ago	yr ago
Spot	113.09	113.58	114.97	123.37
Futures	122.03	122.60	123.11	127.84

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Nov	557/0	563/0	559/4	554/0
Jan	560/2	568/0	565/4	559/4
Mar	567/2	577/0	574/0	563/0
May	574/4	584/0	580/0	577/4
Jul	580/6	590/6	586/0	58[illegible]/4
Aug	582/4	591/0	585/4	58[illegible]/4
Sep	576/4	584/0	579/0	5[illegible]/4
Nov	577/6	585/4	582/0	57[illegible]/4
Jan	583/0	595/0	589/0	5[illegible]/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Dec	19.00	19.36	19.29	18.96
Jan	19.16	19.52	19.42	19.10
Mar	19.49	19.85	19.74	19.45
May	19.79	20.15	20.05	19.76
Jul	20.06	20.41	20.33	20.08
Aug	20.20	20.52	20.50	20.20
Sep	20.50	20.71	20.60	20.40
Oct	20.48	20.65	20.65	20.45
Dec	20.77	21.00	20.88	20.75

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Dec	179.5	183.3	182.0	178.5
Jan	178.2	181.7	179.8	177.2
Mar	176.5	179.8	178.5	175.4
May	175.3	178.1	176.5	174.5
Jul	175.2	178.3	177.5	175.0
Aug	175.0	177.8	177.0	175.0
Sep	175.0	177.7	177.0	175.0
Oct	186.5	188.0	188.0	186.5
Dec	187.5	189.0	187.5	187.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Dec	246/4	249/2	248/0	246/4
Mar	255/4	258/2	256/6	255/4
May	261/4	264/2	263/0	261/[illegible]
Jul	266/6	268/4	267/4	265/[illegible]
Sep	259/0	259/0	259/4	257/[illegible]
Dec	256/2	255/4	256/4	254/0
Mar	263/2	262/2	263/2	261/[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Dec	357/2	362/4	360/4	356/0
Mar	356/0	361/2	359/0	355/0
May	341/4	346/0	344/0	340/0
Jul	324/0	327/0	326/0	321/0
Sep	329/0	332/4	329/2	328/0
Dec	329/0	342/4	342/4	333/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	73.55	72.77	73.77	72.55
Feb	73.87	73.25	73.98	73.05
Apr	73.62	73.40	73.70	73.10
Jun	70.62	70.67	70.87	70.22
Aug	68.72	68.90	69.15	68.70
Oct	69.45	69.30	69.95	69.45
Dec	70.45	70.50	70.60	70.45

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Dec	40.87	41.35	41.45	40.60
Feb	41.97	42.20	42.40	41.82
Apr	40.10	40.45	40.55	40.05
Jun	44.97	45.32	45.40	44.95
Jul	45.20	45.25	45.45	45.05
Aug	44.00	44.05	44.10	43.90
Oct	40.87	40.30	41.00	40.82
Dec	41.30	0	41.50	41.25

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	40.82	41.67	41.87	40.50
Mar	40.75	41.62	41.60	40.45
May	41.85	42.70	42.70	41.55
Jul	43.05	43.77	43.25	42.30
Aug	41.40	42.10	42.00	41.27

LONDON STOCK EXCHANGE

Late rally helps a cautious market

By Terry Byland, UK Stock Market Editor

THE AUTUMN economic statement from Mr Norman Lamont, the UK chancellor of the exchequer, was only one among a host of factors with which the UK stock market had to grapple yesterday. Genuine investment activity was relatively subdued, although traders were kept busy by a large number of tax-related deals as institutions sought to sell stock with a view to buying the same shares back.

The cut in US Federal discount rate, quickly followed by reductions in New York bank prime rates, helped UK government bonds and was a factor in a late rally in equities. But the London stock market remained unsettled by domestic considerations, notably the uncertainty posed by the continued suspension of Maxwell Communication and Mirror Group following the death of Mr Robert Maxwell.

Account Dealing Dates		
First Dealings: Oct 28	Nov 11	Nov 25
Option Declarations: Nov 7	Nov 21	Dec 5
Last Dealings: Nov 8	Nov 22	Dec 6
Account Day: Nov 18	Dec 2	Dec 16

"New-time dealings may take place from 8.30 am two business days earlier.

Also discouraging investors was the prospect of three UK by-elections today, which are expected to reflect a poor showing by the Conservative party.

With Wall Street weak overnight, UK equities opened easier but then steadied as some of the tax loss deals of the previous day were bought back. But the market lacked a trend and shares soon began to drift down as traders surveyed the list of uncertainties overhanging the market this week.

Losses were extended until the FT-SE Index recorded a fall of 17 points at the lowest point of the day. The rally started in early afternoon as the reduction in US rates appeared to promise a firm opening to the new trading session in New York. In the event, prime rate cuts proved to have been only too well predicted on Wall Street and the Dow gained a mere three points in London hours.

The chancellor's Autumn Statement, disclosing proposals for increased public spending, was in line with the market's expectations but had a modestly positive effect on the stock market. By the close of business, the fall in the FT-SE had been trimmed to 6.7 for a final reading of 2,534.2.

Equities were helped in the final hour of trading by firmness in government bond prices, although analysts fear that UK gilts may weaken later this week as the implications of the Autumn Statement are more fully absorbed.

Seaq volume increased to 561m shares from the 528.7m of the previous session. Dealers stressed that tax loss trading had provided the boost and that the big institutional traders had kept out of the market.

The international blue chips, with a few exceptions, remained dull, in line with the US currency. Leading oil stocks had a quieter session than of late but Reuters, with fortunes closely linked to Wall Street, gave ground.

Prospects for today's UK by-elections acted as a further discouragement to investment activity in a market now clearly prey to political uncertainties. The stock market was glad to hear the UK chancellor express continued confidence on the outlook for both the economy and inflation in the UK, but strategists believe that investors will hang back until there is stronger evidence from the corporate sector of an upturn in business activity.

Hints towards the close of the session that the two Maxwell stocks might re-open for trading today inspired cautious speculation as to how investors might react to the dramatic developments of the past two days.

FINANCIAL TIMES STOCK INDICES

	Nov 6	Nov 5	Nov 4	Nov 1	Oct 31	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	86.74	86.50	86.48	86.56	86.92	80.32	87.94 (18/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.24	96.16	96.48	96.54	96.84	88.43	97.17 (2/10)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1949.6	1948.1	1935.3	1952.7	1962.3	1580.6	2105.3 (2/9)	1606.3 (16/1)	2105.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	153.6	154.7	154.1	161.2	164.4	167.7	222.6 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2534.2	2540.9	2527.6	2549.5	2565.0	2059.2	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1144.82	1149.20	1145.92	1152.35	1158.30	-	1158.00 (3/9)	936.62 (16/1)	1196.00 (3/8/91)	936.62 (16/1/91)

●Ord. Div. Yield	5.02	5.02	4.98	4.93	4.91	6.01
●Earning Yld %(full)	7.69	7.69	7.73	7.67	7.62	12.53
●P/E Ratio(Net)(*)	16.31	16.31	16.22	16.36	16.47	9.67
SEAQ Bargns 4.45pm	23,670	23,894	22,423	22,461	26,202	18,229
Equity Turnover(£m)†	-	853.65	574.28	787.75	973.01	763.96
Equity Bargains†	-	22,774	21,481	21,848	23,834	16,160
Shares Traded (ml)†	-	451.6	327.1	432.9	492.0	320.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ● Nil 15.41

Ordinary Share Index, Hourly changes — Day's High 1950.9 — Day's Low 1939.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1943.4	1950.5	1943.6	1940.0	1942.2	1943.3	1941.9	1942.6	1947.5

FT-SE 100, Hourly changes — Day's High 2539.8 — Day's Low 2523.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2533.5	2538.9	2526.1	2525.1	2527.5	2526.8	2525.4	2527.6	2531.5

FT-SE Eurotrack 200, Hourly changes — Day's High 1149.46 — Day's Low 1142.68

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1149.28	1147.87	1146.43	1146.16	1146.12	1143.79	1146.29

GILT EDGED ACTIVITY

Indices*	Nov 5	Nov 4
Gilt Edged Bargains	94.1	94.1
5-Day average	104.6	114.2

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Tobaccos beat the market

THE TWO stocks that comprise the tobacco sector of the London stock market, BAT Industries and Rothmans International, sharply outperformed the falling market ahead of figures expected later this month. BAT reveals its third-quarter results on November 19 and Rothmans publishes its interim numbers two days later.

Mr Nyren Scott-Malden, the tobacco sector analyst at BZW, recommended buying BAT. The company owns composite insurer Eagle Star and has been badly unsettled in recent weeks by concern over the level of mortgage repossession indemnity. Similar worries have depressed other composite insurers.

Mr Scott-Malden has analysed the share price performance of the whole composite insurance sector and determined that BAT has fallen further than could be justified by the company's exposure to the mortgage market.

BAT rallied 8 to 631p, and Mr Scott-Malden said a share price of 675p for the stock would be reasonable. He added that Sun Alliance had fallen less than it might have, considering its exposure to the mortgage market, and that investors should switch to BAT. Sun Alliance dipped 7 to 333p.

Often-volatile Rothmans climbed 22 to 1155p on light buying ahead of its figures. The rise was exaggerated by a shortage of stock following gains over the previous two sessions.

Banks in disarray

Worries about the clearing banks' exposure to the substantial debts of the publishing and media empire built up by the late Mr Robert Maxwell, and yet more profits downgrades, left the banks sector in disarray yesterday.

The sector was badly mauled last week by a series of downgrades instigated by, among others, Panmure Gordon and County NatWest. Kleinwort Benson pushed up their expectation of losses at Midland for the current year and was joined yesterday by BZW, whose banking team forecast a heavy increase in their current loss projection.

BZW expects Midland to achieve a £100m loss this year and perhaps to pass its final dividend. Previously it had been looking for a deficit of £34m. BZW chopped its 1992 profits figure from £370m to £200m.

Midland dropped to 220½p before closing 7 down at 221p on turnover of 2.3m. Barclays gave up a similar amount to 396p on good volume of 5.3m, while Lloyds dipped 6 to 376p on 3.8m and NatWest 5 to 304p on 4.5m.

Standard Chartered came under sustained selling pressure early in the session, falling to 402p, but quickly rebounded to finish 5 ahead on the day at 412p.

Insurers gloomy

There was very little relief from the gloom encompassing the composite insurance sector. Next week sees the start of the third-quarter reporting season, with General Accident scheduled to report on Tuesday and Royal Insurance on Thursday. The insurers have suffered badly from hefty profits downgrades during recent weeks, as well as by suggestions that dividend cuts and rights issues could be in the offing.

County NatWest was the latest stockbroker to lower profits expectations for the sector and said a dividend cut at Royal "is more likely than not". A 30 per cent reduction to 18p would save Royal £39m each year, added County.

Royal shares dropped to 268p, before staging a determined rally to close only a fraction easier at 283p. General Accident managed a minor improvement at 485p. Sun Alliance, weakened by a BZW recommendation to switch out of the stock and into BAT, fell 7 to 333p.

Commercial Union attracted strong support, closing 10 higher at 487p, with brokers switching into the stock from other composites, owing to the company's low exposure to the mortgage indemnity market, which is forecast to lose the insurance sector some £3.5m over this year and next year.

GEC topped the list of active stocks with 37m shares traded, mainly as a result of bed and breakfast deals transacted at 175p a share. The stock held at 186p.

Profit-takers outweighed buyers of Glaxo shares, which slipped 10 to 789p on solid turnover of 3.7m. Some of the cash coming out of Glaxo found its way into SmithKline Beecham, where rumours of an upgrading by a broker helped sentiment. Though the securities house concerned said it had done nothing new, SmithKline rose 19 to 819p, its highest level since July.

Further consideration of Wellcome's planned disposals, and the prospects for drugs to treat chicken pox and epilepsy, pushed the stock 15 ahead to 772p. The shares now stand at a near two-year high and just 13 below their record peak.

An upgrading from County NatWest of Allied-Lyons helped the stock firm 3 to 563p. Allied replaced Whitbread in the County 30 list of recommended stocks. Whitbread eased 3 to 454p.

A negative note from County NatWest left Great Universal Stores "A" 4 off at 1293p. The securities house advises clients to sell the shares while they are at the top of their trading range and take the 25½p dividend. County argues that although it is not possible to strip out the dividend until today, the shares are very close to the top of their trading range and investors may have been encouraged to sell by other question marks hanging over the group.

Kingfisher put on 4 to 568p following a recommendation by Kleinwort Benson. The company embraces F.W. Woolworth, Superdrug, and B & Q, the Do-It-Yourself business, and the securities house repeated its buy stance because of its belief in the strength of the DIY market.

Direct marketing group Kleene-E-Ze gained 8 to 53p as investors bought following the announcement that director Mr Nigel Swabey had increased his stake in the company. The shares have jumped 17 in two days.

Exhibitions organiser Blenheim climbed to its second consecutive new peak after publishing half-time profits one third higher at 228.3m. The dividend was lifted by more than 17 per cent to 7.83p and the shares added 17 at 445p.

J. Sainsbury lost 5 to 347p after the company reported that current trading was not buoyant in spite of a 20 per cent rise in interim profits to £327m. Although the first-half results were as expected, once an improvement in interest charges was stripped out, supermarket profits were slightly lower. Consequently, full-year estimates were revised down, with James Capel cutting its forecast by £5m to £615m, and next year's estimate was reduced by £15m to £710m. Tesco shed 7 to 230p in sympathy.

Asda improved 2¼ to 46p as 21m shares changed hands on talk that its £357m rights issue will be more than 90 per cent taken up.

Marley, the building materials group, rose strongly amid revived takeover stories, closing 5 higher at 123p, while Steetley, still sustained by bid rumours, appreciated 6 to close at 294p. RMC, where there were suggestions of a sell circular, dipped 7 to 558p.

Crest Nicholson, the housebuilder, advanced 5 to 41p after news of a series of disposals.

Among transport stocks all eyes were on Tiphook, which climbed 12 to 522p amid speculation that Hanson (down 3¼ at 208¼p) was considering a bid for the company.

Bid target Hawker Siddeley firmed 3 to 728p as turnover rose to 3.1m on reports that a Scottish institution had decided that the end was nigh for the engineering group's independence and had sold its holding in the company. BTR, Hawker's predator, is thought to have picked up the holding in the market. BTR closed 7 higher at 405p.

Caution from one securities house was said to be behind a decline of 5 to 169p for Dowty Group, which announces first-half figures on December 12.

Inchcape retreated on the announcement that chairman and chief executive Sir George Turnbull is to retire. The shares initially lost 6 but recovered to close only a penny off after analysts returned from a meeting with the company that was described as "positive".

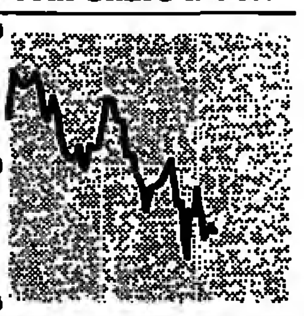
Speculation that Cazenove, the UK brokerage house, had cut its forecast on Cookson pushed the shares down 9 to 113p. Industrial and agricultural group J. Bibby reached its highest level since March 1988 following news of improved full-year profits. The company came in with £35.3m, against 33.5m last year, and a raised dividend. The shares advanced 11 to 181p.

AAH Holdings gained 8 to 469p. The shares have been strong this week.

MARKET REPORTERS: Daniel Green, Peter John, Joel Kibazo, Jim McCallum, Steve Thompson.

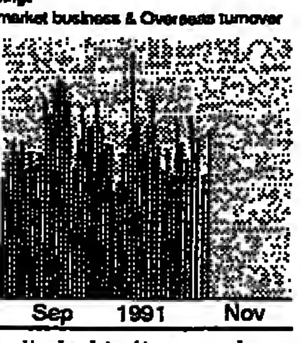
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 27.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (86). BRITISH FUNDS (8) Tr. 9pc 1992, Tr. 2pc IL 1992, Tr. 2pc IL 1994, BUILDINGS (1) Clarkson (H.), STORES (3) Ashley (Laura), Blacks Leis., Stanl., ELECTRICALS (1) Druck, ENGINEERING (3) Meggitt, Victaulic, FOODS (2) Brake Bros., Cranswick Mill, Fenspak, INDUSTRIALS (13) AAH, Bibby (J.), Normans Inst., Bridport-Gundry, ECC, Grampian, Hays, Hickson, Jacques Vert, Kleen-E-Ze, Morgan Crucible 7.5pc Pf., Seton Healthcare, Toye, Warner Howard, LEISURE (3) Carlton Intl., First Leis., MOTORS (3) Evans Halshaw, Perry, Western Motor, NEWSPAPERS (3) Barbour Index, Blenheim, News Corp., PAPERS (1) Shandwick, TRANSPORT (1) Tibbett & Britten, TRUSTS (1) Abtrust Scotland, OILS (2) Evergreen Res., Global Natural Res. NEW LOWS (36). AMERICANS (1) Allegheny & Western, CANADIANS (2) Imperial Oil, TVX Gold, BANKS (3) FNFC Elec. Prf., Joseph (Leopold), BREWERS (1) Eldridge Pope, BUILDINGS (5) Croftane Wood, Tarmac, Westbury, STORES (3) Alan Paul, Oliver, Do. Prf., ELECTRICALS (3) Plumbell, Feedback, ENGINEERING (1) Aerospace Engineering, HOTELS (1) Mount Charlotte, INDUSTRIALS (10) ADT, Beckenham, Eileen, Hanson Wrnts., Intl. Leisure Technology, PPG Hodgson Kenyon, BPB, Waterman Partnership, Wickes, LEISURE (2) Durham (DC), Royal Intl., LEISURE (2) Midlands Radio, Wembley, PROPERTY (1) Union Square, TEXTILES (1) Lister, TRUSTS (3) Drayton English & Intl. Wrnts., National Home Loans, South America Fund, OILS (2) Caspen, Midland & Scottish Res., MINES (1) Colby.

TRADING VOLUME IN MAJOR STOCKS

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

UNCERTAINTY following the death of publisher Mr Robert Maxwell, together with nervousness ahead of Wall Street's opening, made for a volatile trading session in the Footsie futures, writes Joel Kibazo.

The December futures contract opened on a very cautious note, trading at a small discount to the estimated fair value premium of 26 above the underlying index on news of the death of the publisher.

A modest rally was attempted but fears of a weak Wall Street opening had set in by lunchtime. But Wall Street opened better than anticipated and its performance shook off early nervousness as dealers closed positions and generated a squeeze towards the close.

At the close, December stood at 2,570, up 2 on the previous session and 11 above fair value. Turnover topped 7,000.

Traded options remained dull with turnover reaching 19,990 contracts.

Asda was the busiest stock option with 2,973 lots dealt. BTR, which is bidding for engineering group Hawker Siddeley, was the second most active option with 929 contracts traded, of which a majority were calls. Dealers believe BTR will win with its takeover bid. Barclays, Hanson and BT were also busy.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

BRITISH FUNDS—Contd

Over Fifteen Years

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for February 1991: 130.9 and for September1991: 134.6.

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

1991 High	Low	Stock	Price £	+ or –	Int.	Red.
53	52	Met. Wtr. 3pc 'B'	52¼	.....	5.74	10.08

FOREIGN BONDS & RAILS

1991 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	....	3.50	17.00
50	50	Do. 6pc 28 Stb. Ass.	50	....	3	16.00
50	50	Do 4pc Mixed Ass.	50	....	2	14.00
55	55	Hung. '24 Ass.	55	....	2.75	13.57
133½	120½	Hydro Quebec 15pc 2011	131½	+1	15	11.05

Continued on next page

APPOINTMENTS

Premature reshuffle at Inchcape

Ill-health has obliged Sir George Turnbull to step down early as chairman and chief executive of Inchcape, the international services and marketing group.

Sir George, 65, a veteran of the British motor industry, has been advised by his doctors that he needs complete rest. He is therefore also likely to give up his directorships at Kleinwort Benson Group, the merchant bank, and Westland Group, the helicopter manufacturer.

Charles Mackay, chairman of Inchcape Pacific, its Far East operation, will take over as group chief executive immediately. In March, it was announced that he would succeed Sir George as chief executive next year, and this has been brought forward. Mackay, 51, joined Inchcape in 1986 from Chloride Group.

Sir David Orr will act as chairman until the board appoints a permanent successor, which it hopes to do by the next agm in June. Sir David is currently deputy chairman and was chairman between 1983 and 1986.

Sir George had intended to continue as chairman until 1997 to oversee the imminent restructuring of Inchcape, a former colonial trading house, into four global business streams – motors, marketing and distribution, services and resources. Some of the businesses are currently organised on a global basis and others by country or region. "I had been looking forward to the next few years as chairman with considerable enthusiasm, in the knowledge that all our hard work since the mid-1980s has laid a solid foundation for the future," he says.

Sir George Turnbull (left), with his successor Charles Mackay

It is not clear how well Sir George, who is known as a dynamic and driving leader, would have adjusted to a less executive role. However, Mackay says: "I have very deep personal feelings of regret that we are to lose Sir George's leadership prematurely. I was very much looking forward to working even more closely with him in the years ahead."

Sir George, who was knighted last year, rose to become managing director of British Leyland but quit in 1973 after disagreeing with plans by the board, under Lord Stokes, to centralise the business.

He went off to South Korea to oversee the development of the Hyundai Pony, then from 1974 helped to create a motor industry in Iran for the Shah's regime. In 1979 he returned to rationalise Talbot UK for Peugeot, the French motor group, and joined Inchcape in 1984.

Sugar's strategy bears fruit

Alan Sugar's efforts to strengthen the management of Amstrad, the consumer electronics company he founded and runs virtually as a personal fiefdom, bore fruit yesterday with the appointment of Bernard Steiner as board director in charge of sales and marketing in mainland Europe and Australia.

Steiner, an Italian in his mid-40s, was formerly managing director of the electronics concern Sansui Europe. In a long career in the electronics business, he has worked for Olivetti of Italy, where he was concerned with the Acorn and Triumph Adler business, and for Sony's German subsidiary.

The new appointment means that responsibility for the group's sales and marketing strategy will now be shared between Steiner and Malcolm Miller, one of Sugar's most trusted lieutenants.

Miller retains direct control of UK sales and marketing but takes on responsibility for the company's revitalised product development strategy. Product development managers for audio, communications products and radio and television have also been appointed.

Amstrad is fighting to recover profitability in a business area hard hit by the decline in consumer spending. Steiner's appointment is clearly designed to ensure that uncontrolled growth in Amstrad's overseas subsidiaries, which damaged profitability in the late 1980s, remains a thing of the past.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE NO 00258 OF 1943

CHANCERY DIVISION

COMPANIES COURT

IN THE MATTER OF BAKU CONSOLIDATED OILFIELDS LIMITED

AND

IN THE MATTER OF THE INSOLVENCY ACT 1986

TAKE NOTICE that the liquidator of Baku Consolidated Oilfields Limited intends within 28 days from 7 November 1991 to declare a Final Return to the "A" and "B" shareholders of the company.

Persons next of kin, or beneficiaries holding either "A" or "B" shares in the company other than those whose claims have already been admitted desiring to participate in such return must on or before 30 November 1991 notify their shareholding together with relevant documents to the undersigned of KPMG Peat Marwick, PO Box 730, 20 Farringdon Street, London EC4A 4PP or telephone his assistant Mr DN Winston on 071 236 8000 Ext 3742.

Dated this 7th day of November 1991

Signed JAG Alexander

Liquidator

(dnw/ad/0734)

YORK RENTALS LIMITED

Registered number: 873147

Nature of business: Rental of commercial trailers

Trade Classification: 38

Date of Appointment of Joint Administrative Receivers: 28 October 1991

Name of Person appointing the Joint Administrative Receivers: S G Warburg & Co Limited

Christopher John Hughes and Christopher John Barlow

Joint Administrative Receivers

(Office holder numbers 2041 and 562) of Cork Gully

Shelly House

3 Noble Street

London EC2V 7DQ

LONDON SHARE SERVICE

AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
34½	20⅞	Abbott Laboratories	33¼	.....	$1.00	–	1.7
385p	218p	Allegheny & W 1c.	218p	-15	30c	–	7.7
10⅛	667p	Amdahl 5c	866p	+4	10c	–	0.6
42⅛	25¾	Amer. Cyanamid $5	35¾	–⅛	$1.50	–	2.4
17⅞	9	Amer. Express 60c	18	–⅛	$1.00	–	5.4
24½	15⅛	American T. & T. $1	21⅝	–⅛	$1.32	–	3.4
38⅞	32	Ameritech $1	34½	–⅛	$3.40	–	5.5
26	12	BankAmerica $1⅝	22⅞	+⅛	$1.20	–	3.0
38	20	Bankers N.Y. $1	35	–⅛	$1.52	–	7.7
30½	24⅛	Bell Atlantic $1	25	+⅛	$2.52	–	5.5
31⅛	25	BellSouth Corp.	27⅝	–⅛	$2.76	–	5.6
11⅛	6	Bethlehem Steel $8	8⅝	–⅛	40c	–	2.6
1839p	1046p	Bowater Inc.	1190p	-18	$1.20	–	5.7
54	37	CPC Intnl. 25c	46⅛	–⅛	$2.00	–	2.4
930p	420p	California Energy	834p	-6	–	–	–
50	28⅛	Campbell Soup 15c	42⅞	+⅛	$1.16	–	1.5
12	5	Chase Manhattan $12½	10⅛	–⅛	$1.20	–	6.7
9	5½	Chrysler $6¼	7⅛	+⅛	60c	–	4.8
10	5⅞	Citicorp $1	6⅛	–⅛	–	–	–
26⅛	21	Colgate-Palmolive $1	23⅛	+⅛	$1.06	–	2.6
928p	438p	Cont'l Bank Corp $4	578p	-22	60c	–	5.8
21⅛	13	Dana Corp. $1	15½	–⅛	$1.60	–	5.8
1262p	203p	Data General	916p	+12	–	–	–
25⅛	12⅞	Dial Crop. $1.5	24⅛	–⅛	$1.40	–	3.2
29⅝	20	Dun & Bradstreet $1	27⅛	–⅛	$2.16	–	4.5
40	24⅛	Exxon Corpn 50c	33⅞	–⅛	$2.20	–	3.7
8⅞	5½	Echlin Inc	6⅞	....	70c	–	5.7
20⅛	14	FPL Group 1c	19⅞	....	$2.40	–	6.9
30	17	Fluor Corp 62½pc	25½	+⅛	32c	–	0.7
23⅛	13⅛	Ford Motor $1	14⅞	–⅛	$1.60	–	3.8
46	28	Gen. Elect. 63c	38⅝	–⅛	$2.04	–	3.0
45⅛	20	Gillette $1	23⅝	+⅛	62c	–	1.5
20⅞	794p	Hasbro Inc 50c	19⅞	–⅛	24c	–	0.7
38⅛	21⅛	Honeywell $1½	32⅞	–⅛	$1.50	–	2.6
23⅛	17⅞	Houston Inds.	22⅞	+⅛	$2.96	–	7.5
72	54	IBM Corpn $1¼	54	–⅛	$4.84	–	5.0
32	18	Ingersoll-Rand $2	29	+⅛	$1.32	–	2.5

BUILDING, TIMBER, ROADS – Contd

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
195	59	Beazer 10p	111	-1	14.0	♦	4.8	♦
*271½	192	Bellway	238	+4	11.0	♦	6.6	♦
19	3	Bellwinch 10p	3	.....	–	–	–	–
*351	211½	Berkeley Group	292	-1	M4.5	0.3	2.1	–
153	107	Bett Bros. 20p	108	.....	6.4	2.2	7.9	7.5
188	119	Birse Group 10p	134	.....	5.5	2.5	5.5	9.4
122	90	Blockleys 20p	100	.....	4.81	1.9	6.4	10.9
286	198	Blue Circle 50p	236	+1	11.25	1.5	6.4	13.3
148	110	Do 7¾pc Cv Rd Pf £1	132	.....	7¾%	–	7.7	–
698	438	Boot (Henry) 50p	685	.....	125.0	3.1	4.9	8.8
111	69	Breedon	102	+2	4.6	2.1	6.0	10.5
355	355	BB & EA	355	.....	0.5	–	0.2	–
146	93	British Dredging	133	.....	7.4	1.3	7.4	14.1
120	89	Bryant Group	94	-2	4.8	0.6	6.8	39.4
86	43	Bucknall 1p	50	.....	4.8	2.7	12.8	3.6
105	66	CALA 5p	67	.....	3.4	–	6.8	–
85	25	CMW Group 5p	75	.....	2.88	3.3	5.1	7.8
269	187	CRH	224	.....	1033.3%	3.8	3.4	11.0
60	33	Candecca Robey 'A'	52	.....	3.0	1.1	–	16.0
57	8	Conder Group 5p	18	+2	0.3	–	2.2	–
*40	17	Costain Clarke Grp 10p	20	.....	0.5	♦	3.3	♦
*223	53	Costain Group	75	.....	q12.25	–	21.8	–
*150½	76½	Countryside Props	94	.....	q4.11	3.1	5.8	7.4
133	35	Crest Nicholson 10p	41	+5	17.65	0.5	–	13.6
63	35	Do 5½pc Cv.Rd.Pf £1	45	+9	5½%	–	16.3	–
20	9	Creston 10p	12	.....	–	–	–	–
*110	53	Cussins Prop Grp	58	+1	q3.75	–	8.6	–
44	21	Dawson Tyson 10p	42	.....	1.0	2.8	3.2	14.9
580	295	Douglas (Robt. M)	492	.....	110.5	3.7	2.8	11.7
12	1½	Dunton Group 5p	4¼	.....	–	–	–	–
150	95	EBC 50p	125	.....	8.0	2.0	8.5	7.3
47½	29	Edmond Hldgs 10p	39½	.....	1.85	2.2	6.2	9.4
168	105	Ewin Group 10p	165	.....	6.4	2.4	5.2	10.8
77	49	Erith	65	.....	3.9	0.9	8.0	19.0
266	210	Eve Group	233	.....	9.2	3.1	5.3	8.2

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

● Latest Share Prices are available on FT Cityline, call 0836 43 + four digit code. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Share Code Booklet call 071-925-2128.

LONDON SHARE SERVICE

LEISURE—Contd

1991 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
31½	14	Aresco 1p.	25	.....	1.5	1.1	8.0	15.5
9	3¼	BCE Hldgs 5p.	5	.....	—	—	—	—
178	123	Barr & W.A.T. 'A'	159	.....	9.75	1.1	8.2	9.8
840	425	Boosey & Hawkes	816	.....	†16.4	2.9	2.7	15.2
87	24½	Border T.V.	63	–1	2.1	2.6	4.4	11.4
88	9½	Brent Walker 10p.	21	–½	5.0	—	—	—
28	2½	Do 6pc Cv Cm Rd Pf £1	7½	+½	—	—	—	—
52	13	Buckingham Int'l 10p.	25	.....	—	—	—	5.8
384	183	Campari Int. 20p.	384	+4	‡2.1	1.8	—	10.5
231	134	Capital Radio 2½p	195	.....	†11.0	2.9	3.8	12.8
548	350	Carlton Comms 5p.	508	.....	5.25	2.9	3.6	12.8
88	61	Do. 6.5p Prf 5p.	88	+1	†14.1	2.4	3.7	14.2
253	[illegible]	Castle Comms. 5p.	214	.....	6.5	—	9.8	—
1098	480	Central ITV	1045	.....	8.5	♦	5.3	♦
164	120	Chiltern Radio 10p.	162	.....	28.5	1.2	3.6	30.6
89	39	Chrysalis	87	+1	14.8	2.6	4.0	12.4
69	20	Citywision 5p	27	.....	‡2.0	—	—	—
6	2	Class. Th'breds NO.20	2½	.....	1.0	7.0	4.9	3.6
308	225	Eurocamp 5p.	289	+1	—	—	—	—
1410	988	Euro Disney Fr10	1363	–12	R8.5	2.5	3.9	13.9
30	5	European Leis. Ir25p	12	+1	—	—	—	—
44	21½	Ex Lands 10p.	29	.....	0.7	♦	7.9	♦
47	[illegible]	Expedier 20p.	9	.....	—	—	—	—
592	405	Fairline Boats 10p.	528	.....	41.0	—	—	—
289	188	First Leisure	289	+1	27.0	4.1	5.4	6.0
285	195	GWR Group 20p.	264	.....	15.05	2.6	2.3	19.9
37	59	Grampian TVA 10p.	102	.....	16.0	3.2	—	13.8
8	[illegible]	Greenwich Comm 1p	[illegible]	.....	4.1	3.1	5.4	8.0
63	33	HTV Ord.	47	.....	—	—	—	—
203	55	Hi-Tec Sports	196	.....	3.75	1.2	10.8	10.8
4	1½	Int'l Media Comm. 1p	3	.....	15.0	2.7	3.4	12.8
60	30	Intl. Resort Hldgs.	41	.....	—	—	—	—

PROPERTY—Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS—Contd

FINANCE, LAND, ETC—Contd

WATER

OIL AND GAS

MINES—Contd

Australians

Tins

Miscellaneous

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

PROPERTY

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

FINANCE, LAND, ETC

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

This service is available to companies whose shares are traded in the United Kingdom for a fee of £1,1.. a year for each security shown, subject to the Editor's ...

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls are charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain your free Unit Trust Code Booklet call 071-925-2128

AUTHORISED UNIT TRUSTS

Lloyds Bk Unit Tst Mgrs Ltd (1000)F
PO Box 63, Chatham, Kent ME4 4YB.
Dealing 0634 834313

Fund	Init Charge	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced	5	271.90	286.30	-6.20	3.81
Do (Accum)	5	570.40	600.50	-8.50	3.81
Cont'l Europe Grth	5	40.43	42.56	+0.07	1.68
Do (Accum)	5	42.24	44.47	+0.08	1.68
Energy Intl	6	57.14	60.79	-0.14	0.13
Do (Accum)	6	68.58	72.96	-0.16	0.13
Extra Income	5	215.30	226.70	-0.80	5.37
Do (Accum)	5	489.40	515.20	-1.50	5.37
German Growth	5	86.35	90.90	+0.08	0.56
Do (Accum)	5	90.01	94.75	+0.08	0.56
Income	5	395.50	416.40	-1.40	4.97
Do (Accum)	5	964.20	1015.0	-3.00	4.97
Intl Technology	5	187.50	197.40	-1.30	0.14
Do (Accum)	5	200.00	210.60	-1.30	0.14
Japan Growth	6	84.47	89.87	-0.99	0.01
Do (Accum)	6	84.77	90.19	-0.99	0.01
Master Trust	5	44.32	46.64	-0.09	3.52
Do (Accum)	5	47.17	49.64	-0.09	3.52
N American & Gen	6	140.70	149.70	-0.70	0.77
Do (Accum)	6	161.80	172.20	-0.60	0.77
N Am Sm Cos & Rec	5	97.00	103.20	-	0.01
Do (Accum)	5	99.00	104.30	-	0.01
Pacific Basin	6	156.10	166.10	-2.90	0.12
Do (Accum)	6	163.60	174.10	-2.60	0.12
Small Cos & Recy	5	260.00	271.70	+0.20	2.46
Do (Accum)	5	327.10	344.40	+0.20	2.46
UK Equity Grth	6	110.60	117.70	-0.30	3.67
UK Equity Inc	6	91.47	97.31	-0.34	6.51
UK Growth	5	75.20	79.16	+0.22	3.21
Do (Accum)	5	84.20	88.64	+0.25	3.21
Worldwide Grth	5	220.30	231.80	-1.00	1.10
Do (Accum)	5	321.20	338.20	-1.30	1.10

London & Manchester Tst Mgmt (1000)H
Winslade Park, Exeter EX5 1DS 0392 282673

Fund	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	6	42.51	42.72	45.84	-0.28	1.4
General	6	65.13	65.57	70.35	-0.10	3.9
Income	6	51.34	52.29	56.10	-0.04	6.4
International	6	43.02	43.46	46.63	-0.15	1.7
Japan	6	40.77	41.17	44.17	-0.47	0.0
Tst of Inv Trusts	6	42.34	43.19	46.34	-0.09	2.6

M & G Securities (0915)H
Three Quays, Tower Hill, EC3R 6BQ.
Cust Services: 071-626 4588 Unit Dealing 0245 266266

Fund	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer & General	5	277.65	277.7	293.6	-1.5	0.78
(Accum Units)	5	340.51	340.6	360.1	-1.8	0.78
Amer Recovery	5	266.92	266.0	281.3	-0.4	0.67
(Accum Units)	5	302.93	303.0	320.5	-0.4	0.67
Amer Smllr Cos	5	79.11	79.20	83.80	-	-
(Accum Units)	5	80.83	80.90	85.60	-0.1	-
Australasian	5	110.13	110.2	116.5	+0.2	1.48
(Accum Units)	5	129.52	129.6	137.0	+0.2	1.48
Capital	5	511.89	511.9	541.3	+0.4	4.3
(Accum Units)	5	540.41	540.5	571.5	+0.5	4.3
Charifund	1	519.39	529.4	534.7	-1.9	6.78
(Accum Units)	1	1971.02	2009.2	2029.3	-7.2	6.78
Commodity	5	240.99	241.0	254.9	+0.7	2.16
(Accum Units)	5	344.47	344.5	364.4	+1.1	2.16
Compound Growth	5	659.38	659.4	697.3	-1.0	4.27
Dividend(20-1)	5	28.55	28.70	30.70	-0.1	6.05
(Accum Units)(20-1)	5	102.92	103.5	110.7	-0.3	6.05
Equity Income	5	240.4	242.1	259.0	-1.1	6.43
(Accum Units)	5	263.14	265.0	283.5	-1.1	6.43
European	5	312.55	315.3	333.4	+0.4	1.51
(Accum Units)	5	385.51	389.0	411.3	+0.6	1.51
European Dividend	5	48.23	48.60	51.40	...	5.49
(Accum Units)	5	51.73	52.10	55.20	+0.1	5.49
Extra Yield	5	313.98	319.6	338.0	-1.8	6.4
(Accum Units)	5	848.33	863.7	913.4	-4.7	6.4
Far Eastern	5	186.33	188.2	199.0	+0.4	1.01
(Accum Units)	5	239.8	243.5	257.5	+0.5	1.01
Fund of Inv Tsts	5	398.26	407.6	431.0	+1.1	[illegible]
(Accum Units)	5	695.15	711.9	752.8	-2.0	[illegible]
General (20-1)	5	46.36	46.40	49.10	...	4.95
(Accum Units) (20-1)	5	114.68	114.7	121.3	-0.2	4.95

Metropolitan Unit Trust Mngrs Ltd (1000)F
3 Darkes Lane, Potters Bar EN6 1AJ 0707 45184

Fund	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Eurogrowth Plus	6	70.04	70.89	75.41	+0.02	0.99
International Strategy	6	45.95	46.34	49.30	-0.18	0.91
Sunrise Accum	6	63.15	63.85	67.93	-0.56	1.42
UK Growth Acc	6	59.51	60.46	64.32	+0.04	3.78
UK Income Acc	5¼	71.27	71.85	76.44	+0.2	6.47
Do Income	5¼	59.92	60.40	64.26	+0.17	6.47

Midland Unit Trusts Ltd (1200)F
192 Eyre Street, Sheffield, S1 3RD 0742 529888

Fund	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
British Tst	6	66.64	67.19	71.86	-0.42	2.93
(Accum Units)	6	71.61	72.20	77.22	-0.45	2.93
Capital	6	86.20	86.20	92.19	-0.10	2.87
(Accum Units)	6	129.5	129.5	138.5	-0.20	2.87
European Growth	6	135.4	135.4	144.2	...	1.02
(Accum Units)	6	168.1	168.2	179.0	...	1.02
Extra High Inc	6	62.03	63.21	67.60	+1.12	7.64
(Accum Units)	6	97.54	99.39	106.3	+1.80	7.64
Gilt & Fxd Int	4	51.05	51.05	53.16	+0.01	9.48
(Accum Units)	4	121.6	121.6	126.6	...	9.48
High Yield	6	188.3	191.5	204.8	+3.10	6.23
(Accum Units)	6	411.6	418.5	447.6	+6.60	6.23
Income	6	241.4	244.5	261.5	+2.70	4.84
(Accum Units)	6	474.9	481.1	514.5	+5.30	4.84
Intl High St UT	6	61.47	61.47	65.74	-0.17	1.47
(Accum Units)	6	64.94	64.94	69.45	-0.20	1.47
Japan Growth	6	268.3	268.3	287.0	-3.40	-
(Accum Units)	6	282.6	282.6	302.3	-3.60	-
Mandarin Tst	6	59.43	59.43	63.56	+0.04	1.97
(Accum Units)	6	60.88	60.88	65.11	+0.04	1.97
Mngd P'folio Acc	6	68.66	69.28	74.10	-0.30	1.87
Money Market UT	0	49.15	49.15	49.15	+0.01	9.89
(Accum Units)	0	66.05	66.05	66.05	+0.02	9.89
North American	6	124.8	124.8	133.5	-0.90	1.56
(Accum Units)	6	155.8	155.8	166.6	-1.20	1.56
Smaller Cos	6	113.3	113.3	121.2	-0.30	2.56
(Accum Units)	6	132.3	132.3	141.5	-0.40	2.56
Meridian Growth	6	122.2	122.2	130.7	-0.30	2.41
Meridian Income	6	98.13	98.13	105.0	-0.20	4.50
(Accum Units)	6	109.3	109.3	116.9	-0.20	4.50
Midland Personal Pension Unit Trust ●						
British	6	72.48	73.45	78.14	-0.46	2.93
European Growth	6	62.66	62.74	66.74	+0.01	1.02
Gilt & Fixed	6	63.12	63.12	66.99	+0.02	9.46
Income	6	62.29	63.40	67.45	-0.20	4.83
Japan Growth	6	39.81	39.83	42.37	-0.50	-
Managed	6	54.95	55.74	59.30	-0.30	1.86
Money Market	6	70.87	70.87	75.12	+0.01	9.98
North American	6	59.26	59.88	63.70	-0.46	1.57
Midland FSAVCS Unit Trust ●						
British	6	66.15	67.02	71.30	-0.41	2.93
European Growth	6	59.22	59.29	63.07	+0.01	1.02
Gilt & Fixed Int	6	60.10	60.10	63.79	+0.02	9.45
Income	6	62.32	62.43	66.41	-0.27	4.80
Japan Growth	6	39.64	39.85	42.39	-0.49	-
Managed	6	52.57	53.33	56.73	-0.29	1.87
Money Market	6	65.74	65.74	69.68	+0.01	9.99
North American	6	56.62	57.13	60.78	-0.39	1.58
Midland Executive Pension Unit Trust ●						
British	6	67.17	68.07	72.42	-0.42	2.93
European Growth	6	58.14	58.20	61.92	+0.01	1.02
Gilt & Fixed Int	6	57.79	57.79	61.34	+0.02	9.47
Income	6	61.58	62.70	66.70	-0.19	4.86
Japan Growth	6	40.44	40.65	43.24	-0.50	-
Managed	6	56.02	56.83	60.46	-0.31	1.87
Money Market	6	63.80	63.80	67.63	+0.01	10.02
North American	6	60.57	61.17	65.07	-0.41	1.58

* On a switch, units will be issued at bid price.

For MIM Britannia see INVESCO MIM

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers 071-826 0826 Enquiries 071-826 0123

Fund	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Grwth	5¼	165.2	165.2	176.4	+0.3	0.80
European Gth Inc	5¼	197.0	197.0	210.0	-0.6	0.00
European Gth Acc	5¼	197.0	197.0	210.0	-0.6	0.00
Intl Grwth	5¼	143.5	143.5	152.7	-0.8	0.00
UK Equity Inc	5¼	115.0	115.0	123.3	-0.2	4.37
UK Equity Acc	5¼	132.6	132.6	142.2	-0.2	4.37
UK Ind Tracker Inc	5	122.3	122.3	130.5	-0.2	3.77
UK Ind Tracker Acc	5	133.0	133.0	141.9	-0.2	3.77
US Eq Ind Tracker Inc	5	139.0	139.0	149.0	-1.0	3.03
US Eq Ind Tracker Acc	5	144.4	144.4	154.8	-1.0	3.03
Japan Tracker	5	63.88	63.88	67.74	-0.78	0.00
Asian Trader	5¼	80.17	80.17	86.01	+0.55	1.83
Managed Inc	5¼	100.4	100.4	107.9	-0.2	1.92
Managed Acc	5¼	102.0	102.0	109.6	-0.2	1.92
Cash Inc	0	100.59	100.59	100.59	+0.02	10.47
Cash Acc	0	111.82	111.82	111.82	+0.02	10.47
Europa	5¼	103.6	103.6	111.0	-0.6	0.00
Genesis	-	-	-	-	-	-

For Geoffrey Morley see Commercial Union

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 [illegible] to 1400 hours; (●) - 1401 to [illegible] - 1701 to midnight. Daily dealing [illegible] the basis of the valuation [illegible] of time may elapse before [illegible]able.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

FT MANAGED FUNDS SERVICE

● Cu[illegible]0000. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain your free Unit Trust Code Booklet call 071-925-2128

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Gold	1	49.55	49.55xd	50.04	+0.01	10.6
Cntrld Prfrmnce	5½	48.52	48.83	52.09	+0.05	9.21
Ethical	5½	49.13	50.14	53.34	.....	4.74
European Growth	5½	46.86	46.86	49.98	-0.03	3.0
Income	5½	46.65	47.15	50.29	-0.16	7.48
Intl Growth	5½	63.67	64.17	68.45	-0.06	3.36
Managed	5½	58.02	58.73	62.64	-0.13	4.54
UK Growth	5½	51.13	51.75	55.20	-0.07	5.57
Standard Chartered Equitor (1200)F						
1/3 Old Broad Street, EC2M 1QS 071-280 6521						
Mngd Exempt Acc	3	195.1	197.5	205.7	-0.6	2.99
Do Income	3	186.2	188.5	196.3	-0.6	2.99
Standard Life Tst Mgmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5¼	35.79	35.79	38.03	+0.2	2.61
UK Equity Gth Acc	5¼	48.14	49.06	52.13	+0.2	2.09
UK Eq High Inc Inc	5¼	32.44	33.12xd	35.20	-0.1	5.63
UK Eq High Inc Acc	5¼	36.48	37.25	39.58	-0.1	5.63
UK Equity Gen Acc	5¼	46.11	46.87	49.80	+0.2	3.31
UK Equity Gen Inc	5¼	36.08	36.67xd	38.97	+0.2	3.31
UK Larger Cos Acc F	7½	301.0	305.1	331.1	+1.8	4.48
UK Larger Cos Inc F	7½	242.4	245.7xd	266.6	+1.4	4.48
Gilt & Fxd Int Inc	5¼	27.33	27.40xd	28.98	...	7.68
Wcom Lrg Cos Acc F	7½	212.6	216.6	235.1	+0.5	2.16
Nth American Acc	5¼	33.95	34.14	36.28	+0.2	0.75
Far East Acc	5¼	41.77	42.85	45.53	+0.2	0.20
European Acc	5¼	33.15	34.88	37.06	+0.1	1.67
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	283.4	283.4xd	302.5	+0.4	1.38
(Accum Units) ♥	5	333.5	333.5	356.0	+0.5	1.38
British	5	806.9	816.9	864.2	-0.8	4.01
(Accum Units)	5	1325.7	1342.1	1419.8	-1.3	4.01
European	5	313.1	313.1xd	333.4	-1.4	1.55
(Accum Units)	5	339.4	339.4	361.4	-1.5	1.55
Japan	5	115.9	115.9	123.1	-1.3	-
(Accum Units)	5	116.8	116.8	124.0	-1.3	-
New Pacific	5	168.1	168.1	178.6	+1.1	1.94
(Accum Units)	5	172.6	172.6	183.4	+1.2	1.94
PEP Nov 6	5	143.7	145.6	154.1	+0.7	3.65
Mngd Equity	5	122.7	124.4	131.7	-0.2	3.48

	Bid Price	Offer Price	+ or -	Yield Gross
Funds in Court*				
Capital Oct 17	306.73	309.47xd	...	2.77
Gross Oct 17	187.84	189.35	...	10.33
High Yield Oct 17	295.30	297.74	...	7.39
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensioner Mngd	52.15	53.26xd	-0.15	3.69
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd F'Folio	1180	1274.0	...	-
Mngd Pens (Acc)	68.4	72.9	...	-
Lazard Brothers & Co. Ltd				
Property Sept 5	£2440.0	2680.0	+5.00	6.00
Inc Gth Pro Apr 16	£1325.0	1460.0	...	7.20
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Nov 6	£3966.2	4128.9	-10.70	3.96
European Nov 6	£539.7	546.4	-0.60	2.08
American Nov 6	£345.7	349.2	-10.10	2.53
Japan Nov 6	£510.9	516.7	-11.7	1.26
Pacific Nov 6	£137.0	140.8	-0.80	1.97
W Midlands Sep 30	£147.60	164.90	.....	2.48
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Property Oct 31	193.25	197.20	+0.3	7.85
Equity Nov 31	896.05	908.60	+2.4	3.97
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond Nov 5	101.28xd		+0.1	10.64
(Accum Units)	997.49		+0.4	10.64
NAACIF Nov 5	41.57xd		-0.3	9.46
Morgan Grenfell Unit Trust Managers Ltd				
Exempt Funds				
UK Equity † Nov 5	125.0	134.2	...	2.03
UK Small Co † Nov 5	540.9	592.8	...	3.38
Fixed Interest † Nov 5	108.7	114.3	...	8.73
US Small Co Nov 5	165.8	177.3	...	0.00

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INSURANCES

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OTHER UK UNIT TRUSTS

[illegible]

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Skandia Life Assurance Co Ltd – Contd.

Unit Trust Life Managed Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Abtrust Managed	90.3	95.0		-
Baring Managed	102.8	108.2		-
CU Managed	183.1	192.7	+1.1	-
Fidelity Managed	136.2	143.3	+0.7	-
Framlington Managed	175.6	184.8	-0.1	-
Gartmore Managed	185.3	195.0	-0.2	-
Henderson Managed	185.3	195.0	-0.1	-
James Capel Mngd	105.7	111.2	-0.5	-
Kleinwort Benson Mngd	112.8	118.7	+0.2	-
Martin Currie Mngd	132.7	139.6	-0.3	-
M&G Managed	149.5	157.3	-0.5	-
Morgan Grenfell Mngd	105.7	111.2	-0.5	-

Target Life Assurance Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Worldwide Income	219.5	231.1	-0.8	-
Australian	24.3	26.2	-0.2	-
Japan & General	344.2	362.4	-3.9	-
Gold & General	61.2	64.5	-0.5	-
Financial	206.1	217.0	-1.0	-
Income	296.3	311.9	-0.2	-
UK Capital	193.0	203.2		-
Preference	195.6	205.9	+0.1	-
International Bond	90.4	95.2	+0.1	-
European Spec. Sits	185.2	195.0	-0.5	-
Sterling		10.9		-
Residential Property	95.7	100.8		-
Pension Funds				
Managed Pension	1562.2	1644.5	-8.2	-

Finexco International Ltd

PO Box 193, St Peter Port, Guernsey 0481 723205

Hansard International Ltd.

PO 192, Bank Hall, Douglas IoM 0624 672111

Independent Financial Group PLC

Life Managed Funds

Pension Managed Funds

Johnson Fry Asset Managers Plc

20 Regent Street, London SW1Y 4PZ 071-839 5602

Lazard Fund Mngrs (Channel Islands) Ltd

Lion World Fixed Income Fund

Lloyds Intl Money Market Fund Ltd

Shield Assurance Ltd

40 Uxbridge Rd, W5 2BS 081-567 0700

	Bid Price	Offer Price	+ or -	Yield Gross
Gartmore Mngd	119.1	125.3	-0.2	-
Framlington Mngd Life	103.2	108.6	+0.7	-
Henderson Mngd Life	94.7	99.6	-0.4	-
Framlington Mgd Pens	106.3	111.8	+0.9	-
Gartmore Mngd Pens	123.8	130.3	-0.3	-
Henderson Mngd Pens	95.6	100.6	-0.4	-

Skandia Life Assurance Co Ltd (z)

Skandia Hse, Portland Terr, Southampton 0703 334411
Skandia Price Line 0800 181396

Skandia Life Managed Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Balanced Managed	284.1	299.0	-0.1	-
Cautious Managed	109.4	115.1	.....	-
Deposit	231.1	243.2	...	-
Equity	331.4	348.8	-0.1	-
International	251.3	264.5	-0.3	-
International Bond	100.7	106.0	+0.1	-
Intl Recovery	190.4	200.4	-0.2	-
Gilt Plus	250.5	[illegible]	[illegible]	-
North American	[illegible]	[illegible]	[illegible]	-
North Eur[illegible]	[illegible]	[illegible]	[illegible]	-
Pacific	[illegible]	[illegible]	[illegible]	-
Property	[illegible]	[illegible]	[illegible]	-
Amer Index	[illegible]	[illegible]	[illegible]	-
Euro Index	[illegible]	[illegible]	[illegible]	-
Intl Index	[illegible]	[illegible]	[illegible]	-
Japan Index	[illegible]	[illegible]	[illegible]	-
Tiger Index	[illegible]	[illegible]	[illegible]	-
UK Index	[illegible]	[illegible]	[illegible]	-

TSB Life Ltd

Charlton Pl, Andover, Hants. SP10 1RE 0264 56789

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	214.9	226.3	-0.1	-
Property Fund	170.3	179.3	.....	-
Fixed Int Fund	171.9	181.0	...	-
Money Fund	173.1	182.3	.....	-
Equity Fund	280.3	295.1	-0.1	-
Homebuyer Fund	172.7	181.9	-0.1	-
Managed Inv Fund	127.8	134.6	-0.1	-
Options Managed	99.3	104.7	.....	-
Options Equity	97.5	102.8	.....	-
Options Money	112.8	118.9	.....	-
TSB Pensions Ltd.				
Managed Pension	715.2	753.0	-0.2	-
Deposit Pension	193.0	203.3	.....	-

بقعة من الأصل

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

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Baring International Fd Mngrs (Ireland) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Australia	$17.50	18.38	-0.26	1.05
Japan Tech	$62.46	65.59	-1.14	-
Japan Fund	$26.26	27.58	-0.45	0.17
Japan New Gerta Fd	$20.09	21.10	-0.28	-
Malay Sing	$53.88	56.58	+0.40	0.31
RUI American	$21.87	22.97		0.58
Octopus Fund	$21.72	22.81	+0.06	0.88
Pacific Fd	$63.92	67.12	-0.52	-
International Bond	$17.67	18.56	-0.09	6.89
Europa Fund	$13.48	14.16	-0.04	-
British Screen Fd	£0.92	0.97		-
Tristar Warrant	$11.33	11.90	+0.16	-
Hong Kong	$52.26	54.88	+0.26	3.09
Mngd Portfolio (Stlg)	£4.12	4.44	-0.01	-
Mngd Portfolio (Dlr)	$10.32	10.88	-0.03	-
Currency Fd—Sterling	£19.61		+0.01	-
Currency Fd—US Dollar	$15.42		+0.01	-
Curr Fd—Deutschemark	DM40.74		+0.03	-
Curr Fd—Managed $	$45.53	47.80	-0.14	-

Federated International Funds Plc

Federated Short-term US Gov't Securities Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Institutional Ser Series*	$1.00		-	5.13
Investment Series*	$1.00		-	5.13

* Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)F

Lord Street, Douglas, IoM 0624 661551

Midland Bank Fund Managers (Jersey) Ltd

PO Box 26, St Helier, Jersey 0534 606000

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Intl Chceck Portfolio	6	0.9915	0.9915	1.0526		1.67
Gilt	3		0.9337	0.9628		10.39

For MIM see INVESCO MIM

Royal Trust Jsy Fd Mngt Ltd (1400)F

PO Box 428, St Helier, Jersey 0534 76077

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Govt Secs Fd	4	56.59	56.59	58.93	+0.04	9.50

TSB Trust Funds (CI)

PO Box 538, St Helier, Jersey 0534 73494

TSB Offshore Investment Fund Ltd

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stg Deposit Class	3	102.27	102.27	105.33	+0.02	10.00
Gilt & Fixed Interest	3	104.86	104.86	108.72	-0.06	7.91
Blue Chip & Gilt Edged	5	50.00	50.00	53.21	-0.02	5.76
International Bond	5	107.36	107.36	113.75	-0.35	5.63
UK Equity	5	139.09	139.09	150.56	-0.17	0.92
International Equity	5	116.58	116.58	124.64	+1.54	0.00
Far Eastern	5	91.95	91.95	98.21	-0.30	0.00
European	5	83.21	83.21	88.17		0.00
Pan American	5	148.20	148.20	157.86	+1.12	0.00

TSB Gilt Fund Ltd

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Quarterly Share	3	97.27	97.27	100.52	-0.04	10.25
Monthly Share	3	96.06	96.06	99.24	-0.05	10.38

JERSEY (REGULATED)(**)

Barclays Intl Funds

Currency Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Sterling	£21.31		+0.01	9.5
US Dollar	$31.43		-	4.2
Deutschemark	DM55.23		+0.01	7.9
Yen	Y4,046		+0001	5.3
Managed Multicurrency	£13.15	13.62	-0.01	-

Abbey Global Investment Fund (u)

41 Ave de la Gare, L-1611, Luxembourg

Abtrust Fund Mngrs Luxembourg SA (u)

13 rue Goethe L-1637 Luxembourg

Aetna Intl Umbrella Fund (u)

47 Blvd Royal, PO Box 275, L-2012 Luxembourg

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady after rate cut

THE DOLLAR stabilised yesterday after the Federal Reserve brought two weeks of speculation about lower US interest rates to an end when it cut the discount rate by ½ point to 4½ per cent.

With the interest rate uncertainty out of the way for now, the dollar was able to rise slightly from its opening European levels as some long-term orders from the corporate sector provided support.

But the US currency remains around 6 per cent down against the D-Mark on the same time last week and foreign exchange managers believe any advance by the dollar will be short-lived.

There was surprise in the markets at the timing of the rate cut. Many analysts believed the Fed had reacted to poor demand shown by overseas investors for the first leg of the Treasury's $38bn sale of bonds and notes.

"When the underlying reasons why the Fed cut rates - a weak economy and a growing unwillingness to invest in US securities - sinks in, any dollar rally is likely to be temporary," said Mr Steve Barrow, currency economist at Chemical Bank in London.

But for now, many analysts believe the dollar will trade between the DM1.6250 chart support level and DM1.6580, the point which until this week had been the key support for the dollar during the last eight months.

The dollar closed slightly lower at DM1.6410 from DM1.6420; and at FFr5.6075 from FFr5.6125; but rose to SFr1.4495 from SFr1.4485.

The German mark was firm on continuing talk about a rise in interest rates later this year. The mark rose to 88.40 Swiss centimes from 88.20.

The Bundesbank council meets today but most operators expect it to wait for the outcome of this year's wage negotiations before moving on rates.

The Bundesbank's announcement that it would not be holding a press conference after the council meeting was seen as a hint that it will leave rates unchanged. In the past, the Bundesbank has usually announced monetary tightening at a press conference.

While German money market rates were firmer for technical reasons, the interest rate futures market was clearly indicating no change in German rates today. The December Euro-mark contract in London was 2 points higher at 90.51.

The French franc remained under pressure following its recent reduction in interest rates and on worries about the standing of the French government.

The D-Mark rose to FFr3.4180 from FFr3.4160 and is now approaching the FFr3.42 level which the Bank of France was said to have recently defended.

The Australian dollar was firmer despite the reduction in interest rates to 8.5 per cent from 9.5 per cent. Dealers said the cut in rates had been widely anticipated, while hopes of stronger government bonds was attracting funds into Australia.

EMS EUROPEAN CURRENCY UNIT RATES

£ IN NEW YORK

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 5⅞-5⅝ per cent; three years 6⅛-6⅜ per cent; four years 6⅝-6⅝ per cent; five years ... per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Nov.6	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	Ecu
£	1	1.772	2.908	230.0	9.935	2.568	3.275	2178.	1.993	59.75	1.422
$	0.564	1	1.641	129.8	5.607	1.449	1.848	1229	1.125	33.72	0.802
DM	0.344	0.609	1	79.09	3.416	0.883	1.126	749.0	0.685	20.55	0.489
YEN	4.348	7.704	12.64	1000.	43.20	11.17	14.24	9470	8.665	259.8	6.183
F Fr.	1.007	1.784	2.927	231.5	10.	2.585	3.296	2192	2.006	60.14	1.431
S Fr.	0.389	0.690	1.132	89.56	3.869	1	1.275	848.1	0.776	23.27	0.554
H Fl.	0.305	0.541	0.888	70.23	3.034	0.784	1	665.0	0.609	18.24	0.434
Lira	0.459	0.814	1.335	105.6	4.562	1.179	1.504	1000.	0.915	27.43	0.653
C$	0.502	0.889	1.459	115.4	4.985	1.289	1.643	1093	1	29.98	0.713
B Fr.	1.674	2.966	4.867	384.9	16.63	4.298	5.481	3645	3.336	100.	2.380
Ecu	0.703	1.246	2.045	161.7	6.987	1.806	2.303	1532	1.402	42.02	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
106	1.00	-	-	0.11	0.65	-
107	0.33	0.96	1.44	0.42	1.03	-
108	0.08	0.55	-	-	-	-
109	0.01	0.31	-	-	-	-
Open Int	97,936	94,600	3,343	86,189	45,692	9,776

Estimated volume 22,584 Total Open Interest 337,536

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Duncan Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unitank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit. Bk of Mid East	10.5	Heritable & Gen Inv Bnk	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

UK rates steady

UK MONEY market rates were steady yesterday as Mr Norman Lamont, the UK chancellor of the exchequer, delivered *the autumn statement.*

Mr Lamont's upbeat forecast for the UK economy next year of lower inflation and higher growth was well received in the equity and gilt market, but short-term money rates were only marginally easier.

With sterling still close to the DM2.90 level which the Bank of England recently chose to defend, money dealers believe there is little chance of a reduction in interest rates before the end of the year.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

Despite rates having fallen in the US and expectations of a cut in Japan shortly, the growing talk of higher German rates continues to worry the London market.

Furthermore, with the governing Conservative party still lagging in most recent opinion polls, political factors remain close to the forefront of market concerns.

These worries may loom large today as three parliamentary by-elections take place. Two of the elections are in marginal Conservative constituencies and opinion polls have indicated the Conservatives could lose their seats.

The key three months *inter-bank rate was ⅟₁₆ point* lower at 10⁷⁄₁₆-⅜ per cent. In the futures market the December short sterling contract was up 4 points at 89.89.

Overnight money rates were also firm as the market was left short of liquidity. The Bank of England provided £778m of assistance compared with a revised forecast shortage of £850m.

US money rates continued to soften after the Federal Reserve lowered the discount rate to 4½ per cent from 5 per cent. Federal funds declined after it added cash into the banking system.

US money dealers said they believed the Federal Reserve had lowered its Fed funds target to 4¾ per cent from 5 per cent, the second ¼ point easing in a week.

In London, Eurodollar futures moved higher, with the December contract up 9 points at 94.92.

German money market rates were firmer after the Bundesbank drained liquidity from the banking system in its latest securities repurchase tender.

German Euro-mark futures in London rose 2 points to 90.51 ahead of today's Bundesbank council meeting. But it is not expected to raise rates at the meeting.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.6) 3 months US dollars		6 months US Dollars	
bid 5⅛	offer 5¼	bid 5⅛	offer 5¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

LONDON MONEY RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,692 Set by HIGHLANDER

ACROSS

1 Prostitute posturing with fan (4,8)
10 Chekhov's reported lecture: no account available (4,3)
11 Conforming to classical ideals of beauty and grace in movement (7)
12 Part of elephant or some mastodon's trunk (5)
13 Weary tie knotted, so to speak (2,2,4)
15 Use superior tactics in the field but not in public (10)
16 Sent off to find weapon (4)
18 It keeps hands warm with fluff (4)
20 Theatrical illumination of old, originally; clue follows (10)
22 Sultan's palace in Algiers, rebuilt by Ottoman leader (8)
24 Small group with initially one instrument (5)
26 Organ stop used to block sound (7)
27 Artistic technique a salesman came across in retirement (7)
28 Going in about drunk ain't amusing (12)

DOWN

2 Horrible Bill Coward is on the way (7)
3 He pushes publicity man over sound of engine (8)
4 Dyke-builder's proposal to auditor (4)
5 Member is subsequently vocal as framer of statutes (10)
6 With an effort, take wife on holiday (5)
7 Plan to wear torn clothes (7)
8 Put expert in British Rail job (13)
9 Italian tenor arranged to cover indefinite number worldwide (13)
14 Beautiful woman stopped short by double one who tolls (4-6)
17 Official appointee given one of top three positions on island (8)
19 Unorthodox offer includes engineers at no charge (3,4)
21 Ship has gone off without the full amount (7)
23 First of Edwardians to appear in gold waistcoat (5)
25 Colonnaded walkway from Athens to Acropolis (4)

Solution to Puzzle No.7,691

WORLD STOCK MARKETS

AUSTRIA · FRANCE (continued) · GERMANY (continued) · NETHERLANDS · SWEDEN (continued)

BELGIUM/LUXEMBOURG · SWITZERLAND · DENMARK · ITALY · FINLAND · NORWAY · SPAIN · SOUTH AFRICA · FRANCE · GERMANY · JAPAN · SWEDEN · AUSTRALIA (continued) · HONG KONG · AUSTRALIA · MALAYSIA · SINGAPORE

CANADA

TORONTO

3:00 pm prices November 6

MONTREAL

3:00 pm prices November 6

Total Sales 21,176,800 shares

INDICES

NEW YORK

DOW JONES	Nov 5	Nov 4	Nov 1	Oct 31	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3031.31	3045.62	3056.35	3069.10	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	97.50	97.54	97.40	97.21	97.55 (18/10)	91.30 (16/1)	97.55 (18/10/91)	54.99 (1/10/81)
Transport	1274.29	1281.02	1280.83	1283.07	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	214.76	215.20	215.64	216.01	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3062.84 (3061.27) Low 3015.88 (3019.01)

STANDARD AND POOR'S

	Nov 5	Nov 4	Nov 1	Oct 31	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	388.71	390.28	391.32	392.45	396.64 (28/8)	311.49 (9/1)	396.64 (28/8/91)	4.40 (1/6/32)
Industrials	458.56	460.49	461.43	462.95	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	31.39	31.56	31.80	32.00	32.24 (14/8)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	214.68	215.43	216.01	216.54	217.17 (28/8)	170.97 (9/1)	217.17 (28/8/91)	4.46 (25/4/42)
Amex Mkt. Value	384.94	384.10	386.85	387.31	387.31 (31/10)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	538.82	537.50	540.93	542.98	542.98 (31/10)	355.75 (14/1)	542.98 (31/10/91)	54.87 (31/10/72)

	Nov 1	Oct 25	Oct 18	year ago (approx.)
Dow Industrial Div. Yield	3.03	3.09	3.00	4.08

	Oct 30	Oct 23	Oct 16	year ago (approx.)
S & P Industrial div. yield	2.71	2.73	2.69	3.42
S & P Indl. P/E ratio	21.37	21.17	21.44	14.86

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Savin Bus	3,725,700	1/16	...
RJ Nabisco	3,569,400	10¼	- ⅛
Salomon	2,895,300	28½	- 1⅛
Compaq	2,761,000	27⅞	+ 1⅛
Maxus Energy	1,784,600	8¼	...
Toys R Us	1,749,400	26⅛	- ⅞
Amer Express	1,744,100	18½	- ⅛
Pepsico	1,346,600	28⅞	- ½
Glaxo	1,318,700	55¼	+ ⅛
Wendy's	1,318,100	8¼	- ½

TRADING ACTIVITY

† Volume (Millions)	Nov 5	Nov 4	Nov 1
New York SE	171.950	155.530	205.750
Amex	14.396	12.342	13.677
NASDAQ	176.983	154.799	205.424
NYSE			
Issues Traded	2,157	2,132	2,120
Rises	742	653	765
Falls	853	967	813
Unchanged	562	512	542
New Highs	85	58	111
New Lows	25	19	12

CANADA

TORONTO	Nov 5	Nov 4	Nov 1	Oct 31	1991 HIGH	1991 LOW
Metals & Minerals	3056.02	3031.54	3013.57	3038.01	3299.99 (18/7)	2632.06 (9/1)
Composite	3525.71	3511.77	3512.58	3515.76	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1862.56	1857.33	1856.94	1864.31	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Nov 6	Nov 5	Nov 4	Nov 1	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1679.0	1692.7	1681.7	1684.1	1692.7 (5/11)	1204.5 (16/1)
All Mining (1/1/80)	661.8	669.5	666.9	671.1	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	396.65	396.09	385.58	(c)	534.81 (16/4)	385.58 (4/11)
BELGIUM						
BEL20 (1/1/91)	1104.36	1104.57	1098.22	(c)	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	366.46	367.09	367.19	367.32	380.64 (20/9)	302.81 (8/1)
FINLAND						
HEX General (28/12/90)	821.6	821.4	826.1	829.9	1186.9 (8/4)	821.4 (5/11)
FRANCE						
CAC General (31/12/82)	492.28	492.95	495.71	(c)	497.62 (2/10)	394.88 (15/1)
CAC 40 (31/12/87)	1836.06	1846.91	1841.51	(c)	1887.29 (1/10)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	651.31	651.85	649.47	649.11	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1834.50	1835.20	1828.90	1827.00	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1574.22	1576.12	1570.21	1573.55	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4173.57	4146.54	4083.04	4037.82	4173.57 (6/11)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1414.30	1420.57	1426.11	1434.64	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	515.13	513.21	512.99	(c)	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	24750.20	24950.86	(c)	25044.24	27146.91 (18/3)	21456.76 (19/8)
Tokyo SE (Topix) (4/1/68)	1864.99	1878.16	(c)	1881.76	2028.85 (18/3)	1625.08 (17/1)
2nd Section (4/1/68)	2822.15	2838.54	(c)	2845.45	3423.45 (18/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	531.67	(c)	531.69	537.03	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	277.1	277.9	276.1	277.3	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	194.8	195.4	194.1	195.0	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ord) (2/1/83)	711.88	699.62	703.09	711.53	793.53 (26/8)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1038.11	1031.74	1026.49	(c)	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	395.48	(c)	389.59	390.24	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1107.0	1143.0	1145.0	1165.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4261.0	4271.0	4257.0	4254.0	4271.0 (5/11)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	679.20	667.04	669.92	689.32	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	256.87	258.95	258.50	(c)	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1006.40	1014.90	1015.30	1017.10	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	752.3	751.4	747.5	750.1	769.2 (29/8)	598.4 (14/1)
SBC General (1/4/87)	612.3	609.1	604.8	606.8	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4430.59	4423.43	4278.84	4332.58	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	660.46	652.95	654.20	641.81	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	523.6*	525.2	526.3	524.6	529.2 (17/4)	439.1 (16/1)

**Saturday November 2: Taiwan Weighted Price: 4299.74 Korea Comp Ex. 684.72.
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday, 6 November 1991

	Stocks Traded	Closing Prices	Change on day
Toyo Tire	8.3m	1,080	0
Toyo Ink	7.3m	678	+49
Howa Machinery	6.5m	1,170	+50
Meiji Seika	6.4m	1,150	+50
Japan Storage	6.3m	1,210	+30
Meiji Milk Prods.	5.7m	1,120	+30
Takuma	3.6m	1,720	+50
Toda Kogyo	3.6m	1,150	+60
S'tomo Bakelite	2.9m	679	+39
Niigata Eng	2.7m	605	+14

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

3:15 pm prices November 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	9¼	AAR Corp	0.48	0.03	19	170	14¼	14	14⅛	+¼
21⅜	14½	A L Labs A	0.18	0.01	22	267	20¼	19¾	20⅛	+¼
55¾	40⅞	AMP Inc x	1.44	0.03	69	1902	52½	51½	52	-1
68⅞	44¼	AMR			12	5035	63	61⅞	62⅞	-⅝
2⅝	1	ARx			1	118	1⅞	1¾	1⅞	-¼
56	41½	ASA	3.50	0.07	13	462	47⅛	46⅞	47	+⅛
60¾	33¼	Abbott Lab	1.00	0.02	24	3057	59½	56	56⅛	-1⅛
14⅝	9⅞	AbitibiPr	0.50	0.04	25	3	11⅞	13½	13⅝	-⅛
11⅝	10⅜	ACM Gvt In	1.26	0.11		272	11	10⅞	11	
9¼	8¼	ACM GvOpp	1.01	0.11		95	9½	9⅜	9½	
9½	8¼	ACM Gv Sc x	1.01	0.11		343	9	8⅞	8⅞	-⅛
11	9⅞	ACM Gv Se r	1.26	0.12		230	10⅝	10½	10½	-⅛
9	7⅝	ACM Man	1.01	0.11		324	u9	8⅞	8⅞	
12⅞	11½	ACM Managd	1.35	0.10		203	u12⅞	12¾	12¾	-⅛
7½	4⅜	Acme Cleve x	0.40	0.06	17	18	6⅞	6¾	6⅞	+⅛
6	3⅞	Acme Elect			42	5	4¾	4¾	4⅝	+⅛
40	22¼	Acuson			67	428	36¼	35¾	35⅞	-⅛
19⅞	14⅝	Adams Expr	0.73	0.04	1	54	u20⅛	19⅞	20⅛	+⅜
20⅛	17½	Adobe1291	2.40	0.12		48	19¼	18⅞	19¼	+¼
9¼	6⅝	Adobe Res			49	82	7⅛	7⅛	7⅛	+⅛
38⅞	18	Ad Micro				57	36	35	35⅞	+⅝
14⅛	4⅝	Ad Micro P	3.00	0.24	97	7679	12⅝	12⅝	12⅝	+⅜
5½	2¼	Advest Grp	0.16	0.04	5	29	3⅞	3¾	3¾	
49⅛	31⅞	Aetna Lf	2.76	0.07	38	1504	39⅛	38¾	39	+½
10⅝	6⅝	Affil A x	0.24	0.03	51	1251	8	7¾	7¾	-⅛
20⅞	13	Ahmanson x	0.88	0.06	10	3957	16½	15⅞	16	-⅛
17	2⅞	Aileen Inc			17	200	16⅞	16⅜	16⅜	+½
74⅛	51⅛	Air Pr Chm	1.56	0.02	15	1185	67⅞	65⅝	66¼	-1⅛
30	16⅝	Airbne Frt	0.30	0.01	63	1446	25⅝	25¼	25¼	-¼
21⅛	12½	Airgas Inc			74	98	20⅝	20¼	20¼	-¼
15¼	10	Airlease	1.68	0.14	6	15	12¼	12	12	-¼
99½	88¼	AlaP#8 16 x	8.16	0.08		4	u99½	99	99½	

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low
6	3	Galv Hstn			47	22	4⅛	4⅛
47	35½	Gannett Co x	1.24	0.03	18	1959	39⅛	39¼
46⅞	18⅞	Gap Inc	0.32	0.01	36	3844	46⅞	45⅞
13⅞	11	Gemini I I x	1.00	0.07		51	13⅜	13½
14¾	8⅝	Gemini II			5	142	13¼	12⅞
12¾	5⅞	Gencorp x	0.60	0.05	12	22	11¾	11⅝
27	18	Gen Am Inv x	0.23	0.01		182	u27	26⅝
24¾	18½	Gen Cin	0.52	0.03	11	688	19	d18½
53	20¼	Gen Dynam	1.00	0.02	9	1226	52¼	51¾
77⅝	53¼	Gen Elec	2.04	0.03	13	7244	68⅛	[illegible]
9¼	5¼	Gen Host	0.34	0.05	24	406	7⅛	[illegible]
18⅛	10⅞	Gen House	0.32	0.02	9	42	12¾	12½
84½	43½	Gen Mills	1.46	0.02	21	1251	83⅞	83¼
44⅞	30⅞	Gen Mtrs x	1.60	0.05	4	1491	34⅝	33¼
84	56	Gen Mtrs B x	6.00	0.08		20	82⅞	[illegible]

Continued on next page

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NYSE COMPOSITE PRICES

Continued from previous page

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

Price data supplied by Telekurs.

NASDAQ NATIONAL MARKET

3:00 pm prices November 6

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

Xilinx	28	3580	26¾	23¾	25¼	-1¼
XL Data	31	324	10¾	10½	10½	
Xoma Corp	47	2186	20½	19½	19¾	-½
Yellow Fr x 0.94	102	856	31½	30⅝	30¾	-⅝
York Rsch	63	363	7¾	7½	7⅝	+⅛
ZionsUtah 1.44	9	13	47¼	46½	46½	-⅞

AMEX COMPOSITE PRICES

3:00 pm prices November 6

AMERICA

Dow gets little support from timing of Fed move

Wall Street

A CUT in the discount rate by the Federal Reserve and a lowering of bank prime rates failed to lift the stock market yesterday morning. By midsession share prices were slightly weaker amid growing concern about the economic outlook, *writes Patrick Harverson in New York.*

By 1pm the Dow Jones Industrial Average was down 2.46 at 3,028.85, having spent the entire morning in a narrow trading range on either side of its overnight close. The more broadly based Standard & Poor's 500 was also little changed, down just 0.17 at 388.54 at 1pm, while the Nasdaq composite of over-the-counter stocks eased 0.42 to 538.40. Turnover on the New York Stock Exchange was 98m shares by 1pm.

The timing of the cut in the discount rate from 5 per cent to 4.5 per cent caught the market by surprise. Although analysts had been expecting an easing of monetary policy, they had assumed that the Fed would not move in the middle of the quarterly refunding programme, for fear of disrupting three big Treasury note and bond auctions.

The fact that the Fed eased yesterday, therefore, was interpreted as an indication that the authorities are concerned about the slow pace of the economic recovery.

This concern is shared by stock market investors, and even a rapid round of prime rate cuts – from 8 per cent to 7.5 per cent – by all the nation's big banks yesterday failed to dampen those worries. Consequently, demand for stock was relatively weak, and computerised program selling left share prices rooted near their opening values.

Among individual issues, Woolworth fell $1⅛ to $26⅝ after reporting that third quarter profits of 31 cents a share were exactly half the 62 cents a share earned at the same stage a year ago.

Bank stocks were mostly firmer on hopes that lower prime rates would stimulate new customer business. The soon-to-be-merged Manufacturers Hanover and Chemical both rose $⅛, to $27⅛ and $24⅜ respectively. Citicorp also added $⅛, at $11⅛, while Bankers Trust rose $⅝ to $63⅝ and NCNB climbed $⅛ to $37⅛. The exceptions were BankAmerica, which fell $⅝ to $39½, and J P Morgan which lost $⅝ at $62⅜.

Motor stocks recovered from overnight losses which stemmed from the latest set of dreadful car sales figures. Yesterday General Motors added $½ at $34¼ on turnover of 1m shares, Chrysler put on $⅛ at $12⅝ on ½m shares, and Ford edged $¼ higher to $26½ on similar volume.

Rockwell rose $⅛ to $26¼ after announcing fiscal fourth quarter earnings of 66 cents a share, up from 56 cents a share a year ago, but warned that the next quarter's profits would probably be lower than at the same stage a year earlier.

Canada

TORONTO stocks were unchanged in heavy midday trade, with little reaction to the interest rate cuts in the US and at home. The TSE 300 composite index fell 0.7 to 3,525.0. Advancing issues led declines by 234 to 187 in volume of 23.1m shares valued at C$273.0m.

Rogers Communications topped the most active list in volume of 7.8m shares after Scotia McLeod crossed 10 blocks of shares. Rogers Telecommunications said that it and an affiliate had sold 4m class B shares.

Among active issues, Nova Corp was flat at C$7⅞, Bracknell Corp rose 5 cents to C$3.30, TransCanada Pipelines was flat at C$17½ and Gulfstream Resources rose 10 cents to 89 cents.

ASIA PACIFIC

Nikkei falls for third day as rate cut remains elusive

Tokyo

EQUITIES eased for the third consecutive day yesterday on lower bond prices and the decline on Wall Street, *writes Emiko Terazono in Tokyo.*

The Nikkei average ended 200.66 lower at 24,750.20, after opening at the day's high of 24,910.53 and declining to 24,721.68 in the afternoon. Small-lot selling appeared after the Bank of Japan failed to lower the official discount rate as expected.

Volume picked up from 200m to 250m shares. Trading by dealers led activity, while investment trusts were seen to be taking profits. Falls outpaced advances by 718 to 241, with 171 issues unchanged. The Topix index of all first section stocks slipped 13.17 to 1,864.99, but in London the ISE/Nikkei 50 index edged up 1.97 to 1,414.78.

Many market participants now expect the rate cut to be postponed until next week, when Mr Yasushi Mieno, the Bank of Japan governor, returns from a meeting of the Bank for International Settlements on November 13.

Traders said that in spite of the fall in share prices, sentiment had not soured. Mr Paul Muller at Schroder Securities commented that many foreign investors were looking to buy at lower levels. "Foreigners are hoping there might be a sell-off before the rate cut," he added.

Financials were weaker on this score. The Industrial Bank of Japan receded Y60 to Y3,400 and Mitsubishi Bank Y10 to Y2,950. Tokio Marine & Fire retreated Y30 to Y1,300. Non-life insurance companies were also unpopular as many faced large claims for damage caused by typhoons in October.

High-technology issues were sluggish on prospects of lower earnings. Hitachi dipped Y5 to Y995 and Fujitsu shed Y10 to Y932. Kyocera, the integrated circuit package maker, weakened Y120 to a year's low of Y4,820. Speculative issues, meanwhile, prospered among the lack of fresh news, Japan Storage Battery gaining Y30 to Y1,120 and Nippon Carbon Y280 to Y2,300.

Toda Kogyo, a magnetic iron oxide maker, rose Y60 to Y1,130 on expectations of higher profits. Investors were encouraged by rising sales of its magnetic powder used for pre-paid cards.

In Osaka, the OSE average lost 157.66 to 26,833.63 in volume of 15.8m shares. Small-lot selling depressed pharmaceuticals, machineries and foods.

Ono Pharmaceutical shed Y70 to Y6,050, its first fall since October 18. The issue, seen by some as politically backed, has risen sharply from this year's low of Y3,020 set in August.

Roundup

INTERNATIONAL investors stayed active in the Pacific Rim region, although Australia's interest rate cut brought profit-taking. Bombay was closed, and will remain so today for the Hindu new year holiday.

SINGAPORE took wing on the view that last week's Malaysian budget did not address that country's current account deficit and inflation problems. As KUALA LUMPUR closed flat, the composite index rising just 0.58 to 531.67, fund managers moved back to its neighbour and the Straits Times Industrial index rose 25.03 or 1.8 per cent to 1,443.79.

Turnover more than trebled from S$72.2m to S$220.1m. Singapore Airlines saw a 1.75m-share block deal in late afternoon at S$13.00, up 10 cents from the previous close.

HONG KONG registered another record peak, the Hang Seng index closing 27.03 higher at 4,173.57 in turnover little changed at HK$1.95bn.

Dealers said anti-inflation moves unveiled towards the end of trading came too late to have any effect on prices and that, in any case, the moves were well within expectations.

AUSTRALIA took profits after the government announced its 10th easing in interest rates since January last year. There was also some disappointment over the size of the rate reduction. The All Ordinaries index receded 13.7 to 1,679.0 in turnover of A$251m, against A$188m.

Gold shares weakened on a softer bullion price. Placer Pacific dropped 11 cents to A$2.59 while Newcrest Mining fell 6 cents to 86 cents.

SEOUL rebounded after its recent weakness, on rumours that Chung Ju-yung, owner of Hyundai Group, had already secured funds to pay back taxes and penalties for illegal stock transactions. The composite index closed at 679.20, up 12.16, but volume decreased to Won188.1bn (Won213.5bn).

Hyundai Motor rose by the day's limit of Won1,000 to Won27,400 while Hyundai Engineering and Construction also showed its maximum gain of Won800 at Won18,400.

NEW ZEALAND closed a shade firmer, the NZSE-40 index registering a gain of 2.91 at 1,554.22 after turnover up NZ$9m at NZ$24.2m.

Bank of New Zealand, due to report first-half profits today, was the subject of a big block sale as 2.1m shares changed hands at 68 cents; BNZ finished 2 cents higher at 70 cents following total volume of 2.4m shares.

BANGKOK gained ground as buyers returned after a bout of profit-taking on Tuesday. The SET index improved 7.51 to 660.46 in turnover of Bt2.71bn.

TAIWAN stayed active, turnover rising from T$23.8bn to T$29.7bn as the weighted index, after some profit-taking, ended 7.16 ahead at 4,430.59.

JAKARTA slipped a marginal 0.27 to 229.06 amid volume of 5.51m shares.

Irish bulls cautiously stick their necks out

The mood is optimistic, but financial scandals still carry some risk, says **Tim Coone**

THIS AUTUMN is not a time for bulls in Ireland. For the four-legged kind, slaughterhouses are working at full capacity as the grazing season comes to an end and farmers turn their fattened stock into beef. Their stock market counterparts, too, have had a painful time if they stuck their necks out too far.

The recent wave of controversies to have assailed the government and threatened the leadership of Mr Charles Haughey, the prime minister, while not precipitating a collapse of confidence, has none the less hampered the Dublin Stock Exchange, which is still breathless after its 20.7 per cent surge in the first quarter.

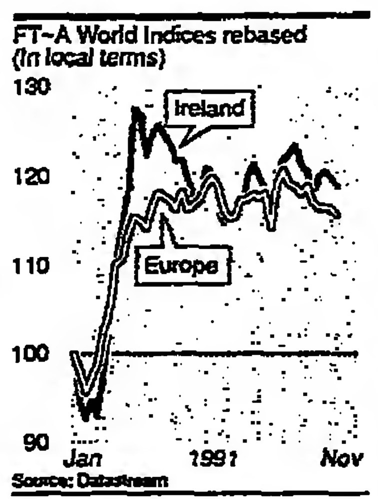
In the wake of the Gulf war, the Irish stock exchange staged a stronger rebound than the rest of Europe. Dublin rallied almost 40 per cent in the space of six weeks, compared with a rise of just 20 per cent for Europe, according to the FT-Actuaries World Indices.

The euphoria petered out by March. Since then, the market has seen rather lacklustre trading, with the Dublin Stock Exchange index, the ISEQ, hovering in the 1,350 to 1,450 band, well below its 1990 peak of 1,900. It has, however, stayed 20 per cent above the level at the beginning of the year, making it a slightly better than average performer in Europe.

Analysts are now assessing how the market will perform in 1992. A recent spate of stockbroker and fund manager reports has taken an optimistic tone in aggregate, anticipating an upturn in the UK economy next year.

According to Mr Tom Healy, the general manager of the Dublin Stock Exchange: "Ireland's economy is very exposed to foreign markets. Market movements here are more influenced by the UK and US economic trends and trade figures than they are by domestic trends."

The Dublin stockbroking firm Davy is distinctly bullish, predicting a growth in 1992



earnings of 29 per cent for the whole market and 17 per cent for the non-financials. "On a 1992 basis, the market multiple of 10.4 times seems to offer plenty of scope for appreciation and supports our strategically bullish view," the broker says in a recent report.

Goodbody, another of the Dublin "big four" brokers, says that a reduction in European interest rates, long overdue given the sharp fall in inflation, will be positive for Irish equities. "Once the Bundesbank decides to ease money, the rest of Europe, including Ireland, can be expected to follow," the broker says.

However, Goodbody also warns that downward pressure on Irish equities could still come from the recent financial scandals which have posed a leadership challenge to Mr Haughey.

Stocks in the Irish food industries such as Kerry, Avonmore, Golden Vale and Waterford Foods, are viewed as having the best potential in the near future. The three of them have recently extended their core businesses through acquisitions in the UK and US, whose economies are expected to recover next year. Furthermore, the price/earnings ratios on these shares still lag some 30 per cent behind comparable companies in the rest of Europe.

"Certainly for those who worry that a further leg to the international recession could put earnings forecasts in general in 1991 and 1992 under pressure, food processors at current ratings look a low-risk strategy," says Davy.

Meanwhile, some excitement is anticipated in the coming year with new flotations. Telecom Eireann, the state-run telecommunications company, is being quietly groomed for privatisation, although the government has remained non-committal on the issue because of anticipated union resistance. Mr Healy believes that Aer Rianta, the Irish Airports Authority, is also a possible target for privatisation in the not-too-distant future.

The big flotation everyone is waiting for, and not just in Dublin, is Shannon-based GPA, the largest aircraft leasing company in the world. Although GPA executives remain tight-lipped about the timing, analysts believe that the company will seek a listing in 1992.

EUROPE

Bourses fail to respond to easier US credit

BOURSES were not impressed by the rate cut in the US, and apart from gains on specific stimuli the general trend was downwards or flat, *writes Our Markets Staff.*

FRANKFURT took its cue from the Bundesbank's actions to tighten liquidity via the repo market, and the DAX index closed 1.90 lower at 1,574.22 after a fall of 0.54 to 651.31 in the FAZ at midsession.

Volume stayed low after the DM3.7bn of Tuesday and the takeover situations which enlivened Tuesday's trading cooled off, Continental falling DM4.30 to DM214 and Hoesch by DM2.50 to DM268.50.

However, RWE was again prominent, rising DM5 to DM395.50 for a two-day gain of DM9.80. A buy recommendation from Degab, the Deutsche Bank's research arm, is in the market, and funds which like income have been buying RWE for a dividend due in December. Degab also got the credit for a DM10.90 drop to DM390.10 in Metallgesellschaft, on the basis of a sell recommendation and an earnings downgrading from DM22 to DM14 for 1991.

PARIS saw a few advances in an otherwise weaker day. The CAC-40 index ended down 10.35 lower at 1,836.06 in turnover over estimated at FFr1.3bn after Tuesday's FFr1.7bn.

The retailer Printemps rose FFr49 or 5.9 per cent to FFr874 in heavy trading of 44,450 shares as another potential bidder emerged. Euris, a domestic investment company, said that it would improve on any offer proposed by Pinault, currently thought to be offering around FFr1,000 per share.

Blue-chips were mostly lower, with Total falling FFr14 to FFr973 on profit-taking after touching FFr1,000 on Tuesday. Analysts were also starting to express concerns that a fall in crude oil prices would depress refining margins.

AMSTERDAM featured sharp declines in Hunter Douglas and Medicopharma in a generally weak day. The CBS Tendency index fell 0.5 to 88.6, depressed by a weak showing in London.

Medicopharma plunged Fl3.80 or 21 per cent to Fl14.50 on talk that it might buy Internatio-Mueller's pharmaceutical subsidiary Interpharm. Internatio Mueller closed Fl 2.70 down at Fl 60.00.

Hunter Douglas dropped Fl3.90 or 5.4 per cent to Fl 68.80 in the wake of a profit warning from the company, which prompted James Capel to downgrade its 1991 and 1992 EPS forecasts to Fl 5.20 and Fl 7.50 respectively, from Fl 7 and Fl 9.50.

BRUSSELS saw another rise in ACEC-Union Minière but the market itself closed flat, the Bel-20 index ending 0.02 lower at 1,104.36 in moderate trading.

ACEC-UM, the non-ferrous metals, engineering and electro-mechanics combination, rose BFr60 to BFr2,205 in 24,450 shares after an intraday high of BFr2,300, and a rise of 6.1 per cent on Tuesday. The company is reported to have considerable stocks of cobalt, prices of which rose by about 25 per cent on Monday.

MILAN came off the day's high on late selling. The Comit index closed 0.8 lower at 515.13 in turnover estimated at marginally more than Tuesday's L70bn, dominated by technical transactions ahead of next week's expiry of the monthly stock options and the end of the November trading account.

Fiat rose L51 to L4,895, supported by comments late on Tuesday from the managing director, Mr Cesare Romiti, that the company had purchased only a small amount of its stock since a L626bn buy-back programme was approved in July. After the close Fiat announced a joint venture in the earth-moving equipment business with Hitachi and John Deere.

Pirelli continued to firm on hopes that it was close to an accord with Continental of Germany. The stock rose L26 to L1,841.

STOCKHOLM failed to recover from its weak start. The Affärsvärlden General index fell 8.1 to 1,006.8 in light turnover of SKr278m after SKr209m.

Ericsson free B shares fell SKr4 to SKr152. Yesterday Merrill Lynch said it was lowering its 1991 EPS from SKr10.43 to SKr8.41 on fears that increased development costs linked to digital cellular and drastic cuts in the price of the product have led to a 30 per cent drop in gross margins.

Procordia free B-shares fell SKr5 to SKr210 after releasing nine-month results at the low end of expectations.

ZURICH financials led the market up again as the Crédit Suisse index rose 4.5 to 489.9 in a moderately active session. SBC bearers rose SFr8 to SFr310 on the bank's forecast of record profits for the current year and Swiss Re certificates putting on SFr18 to SFr502 on the insurer's 1991 earnings recovery prospects.

MADRID remained depressed by the combination of poor interim results from industrials, and inflation prospects. The Madrid general index closed 2.08 lower at 256.87.

OSLO rebounded 1.5 per cent after its recent weakness. The all-share index climbed 3.38 to 463.84 in turnover worth NKr260m. Norsk Hydro gained NKr3.5 to NKr164.5.

VIENNA consolidated Tuesday's rally in quiet trading after two weeks of losses, the ATX 18-share index easing 0.57 to 949.02 after a gain of 28.05, or 3 per cent on the previous day.

FT-SE Eurotrack 100 - Nov 6

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1093.14	1092.68	1090.63	1090.29	1090.30	1087.33	1089.60	1089.50

Day's High 1093.44 Day's Low 1088.83

Nov 5	Nov 4	Nov 1	Oct 31	Oct 30
1092.54	1088.07	1095.11	1096.45	1101.22

Base value 1000 (26/10/90)

SOUTH AFRICA

JOHANNESBURG closed lower as the bullion price eased further to below $354 an ounce. As the all-gold index dropped 36 to 1,107, industrials falling only 10 to 4,261, the all-share fell 20 to 3,485. Vaal Reefs fell R4.50 to R196.50.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY NOVEMBER 5 1991								MONDAY NOVEMBER 4 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	159.91	+0.3	133.94	131.20	136.51	135.71	+0.6	4.49	159.46	132.78	129.93	135.38	134.94	159.91	112.74	123.12
Austria (20)	162.16	+1.8	135.83	133.05	138.43	138.27	+2.0	2.06	159.32	132.67	129.82	135.27	135.50	222.37	153.86	205.64
Belgium (47)	133.01	+0.0	111.41	109.12	113.54	111.19	+0.6	5.32	132.98	110.73	108.34	112.89	110.51	151.20	118.04	140.68
Canada (115)	142.42	+0.4	119.30	116.85	121.57	115.61	+0.5	3.23	141.84	118.11	115.57	120.42	115.09	142.42	126.49	124.59
Denmark (37)	260.83	−0.8	218.47	214.01	222.66	225.97	−0.3	1.57	262.94	218.94	214.25	223.23	226.55	270.56	217.74	257.26
Finland (15)	86.43	−0.5	72.39	70.92	73.78	72.55	+0.1	3.36	86.89	72.35	70.80	73.77	72.48	125.15	83.69	105.55
France (109)	144.31	−0.4	120.88	118.40	123.18	127.05	+0.2	3.49	144.86	120.62	118.02	122.98	126.80	152.26	119.11	140.41
Germany (65)	109.75	−0.1	91.93	90.06	93.69	93.69	+0.4	2.42	109.91	91.52	89.56	93.31	93.31	125.35	94.15	114.32
Hong Kong (55)	171.02	+1.7	143.25	140.32	146.00	170.46	+1.7	4.43	168.23	140.08	137.07	142.83	167.65	171.02	119.62	120.39
Ireland (18)	161.45	−0.6	135.24	132.47	137.83	139.78	−0.1	3.58	162.48	135.29	132.39	137.94	139.90	182.46	132.88	162.87
Italy (77)	69.99	−0.6	58.62	57.42	59.74	64.31	+0.0	3.61	70.41	58.63	57.37	59.78	64.31	88.23	64.76	84.98
Japan (474)	142.80	−0.9	119.61	117.16	121.92	117.16	−0.2	0.72	144.15	120.03	117.45	122.39	117.45	146.97	118.23	133.08
Malaysia (68)	203.02	+0.0	170.05	166.57	173.31	214.24	+0.0	2.88	203.02	169.05	165.41	172.36	214.24	247.78	189.18	197.72
Mexico (17)	1347.11	+1.1	1128.37	1105.28	1149.99	4420.05	+1.1	1.16	1332.32	1109.40	1085.57	1131.13	4371.54	1347.11	534.45	548.77
Netherland (31)	143.84	+0.0	120.49	118.02	122.80	121.49	+0.6	4.44	143.83	119.77	117.19	122.12	120.72	145.73	125.70	134.51
New Zealand (14)	50.29	+1.9	42.13	41.27	42.94	47.42	+1.9	6.13	49.37	41.11	40.23	41.92	46.52	54.64	41.18	49.32
Norway (30)	187.60	−0.8	157.14	153.93	160.16	163.92	−0.3	1.58	189.19	157.53	154.15	160.62	164.34	223.24	178.58	227.89
Singapore (38)	202.32	−0.2	169.47	166.01	172.72	155.94	+0.0	2.24	202.75	168.82	165.20	172.13	155.94	208.25	151.63	157.29
South Africa (61)	260.22	+0.4	217.96	213.50	222.14	176.37	+0.1	2.77	259.24	215.87	211.23	220.09	176.26	260.65	173.00	162.75
Spain (53)	152.88	−0.9	128.06	125.44	130.51	119.93	−0.1	4.57	154.23	128.43	125.67	130.94	120.06	171.12	131.51	147.76
Sweden (25)	188.10	−0.7	157.56	154.34	160.58	166.94	−0.2	2.87	189.44	157.74	154.36	160.83	167.28	204.12	146.60	171.61
Switzerland (59)	95.86	−0.2	80.30	78.66	81.85	86.08	+0.7	2.24	96.05	79.98	78.27	81.56	85.45	100.67	82.17	91.52
United Kingdom (240)	180.62	−0.1	151.29	148.18	154.17	151.29	+0.4	4.91	180.88	150.61	147.36	153.55	150.61	187.44	156.27	183.30
USA (526)	157.96	−0.4	132.31	129.61	134.85	157.96	−0.4	3.07	158.55	132.02	129.19	134.61	158.55	161.02	125.95	125.56
Europe (826)	141.95	−0.2	118.90	116.47	121.19	120.74	+0.4	3.98	142.29	118.48	115.94	120.81	120.29	151.52	125.50	137.16
Nordic (107)	185.99	−0.8	155.79	152.60	158.77	156.78	−0.2	2.06	187.42	156.06	152.71	159.11	157.13	200.81	155.55	183.15
Pacific Basin (718)	143.53	−0.8	120.23	117.77	122.53	118.85	−0.1	1.06	144.66	120.45	117.87	122.82	119.01	145.92	117.86	131.95
Euro – Pacific (1544)	143.25	−0.8	119.99	117.53	122.28	120.46	+0.1	2.21	144.07	119.96	117.39	122.31	120.38	147.66	121.29	134.43
North America (641)	156.92	−0.3	131.44	128.76	133.96	155.10	−0.3	3.07	157.43	131.09	128.29	133.66	155.81	159.66	125.91	125.41
Europe Ex. UK (586)	119.03	−0.3	99.70	97.68	101.64	103.22	+0.3	3.27	119.40	99.42	97.31	101.39	102.88	129.80	103.58	120.77
Pacific Ex. Japan (244)	150.70	+0.7	126.23	123.66	128.66	133.63	+0.9	4.18	149.81	124.58	121.92	127.03	132.46	150.70	111.40	117.96
World Ex. US (1737)	145.20	−0.5	121.63	119.15	123.96	121.92	+0.1	2.25	145.94	121.52	118.92	123.91	121.81	148.16	122.32	134.62
World Ex. UK (2023)	145.35	−0.5	121.75	119.26	124.09	131.40	−0.1	2.27	146.07	121.63	119.02	124.02	131.58	146.07	120.06	127.23
World Ex. So. Af. (2202)	147.68	−0.5	123.70	121.18	126.08	132.93	−0.1	2.54	148.38	123.55	120.91	125.98	133.03	148.66	122.92	130.24
World Ex. Japan (1789)	152.83	−0.2	128.01	125.41	130.49	142.01	+0.0	3.43	153.16	127.54	124.81	130.08	142.00	153.17	126.69	130.35
The World Index (2263)	148.43	−0.5	124.32	121.79	126.72	133.30	−0.1	2.54	149.10	124.16	121.49	126.60	133.41	149.10	123.28	130.43

Latest prices were unavailable for this edition. Markets closed November 5: Malaysia and Singapore.